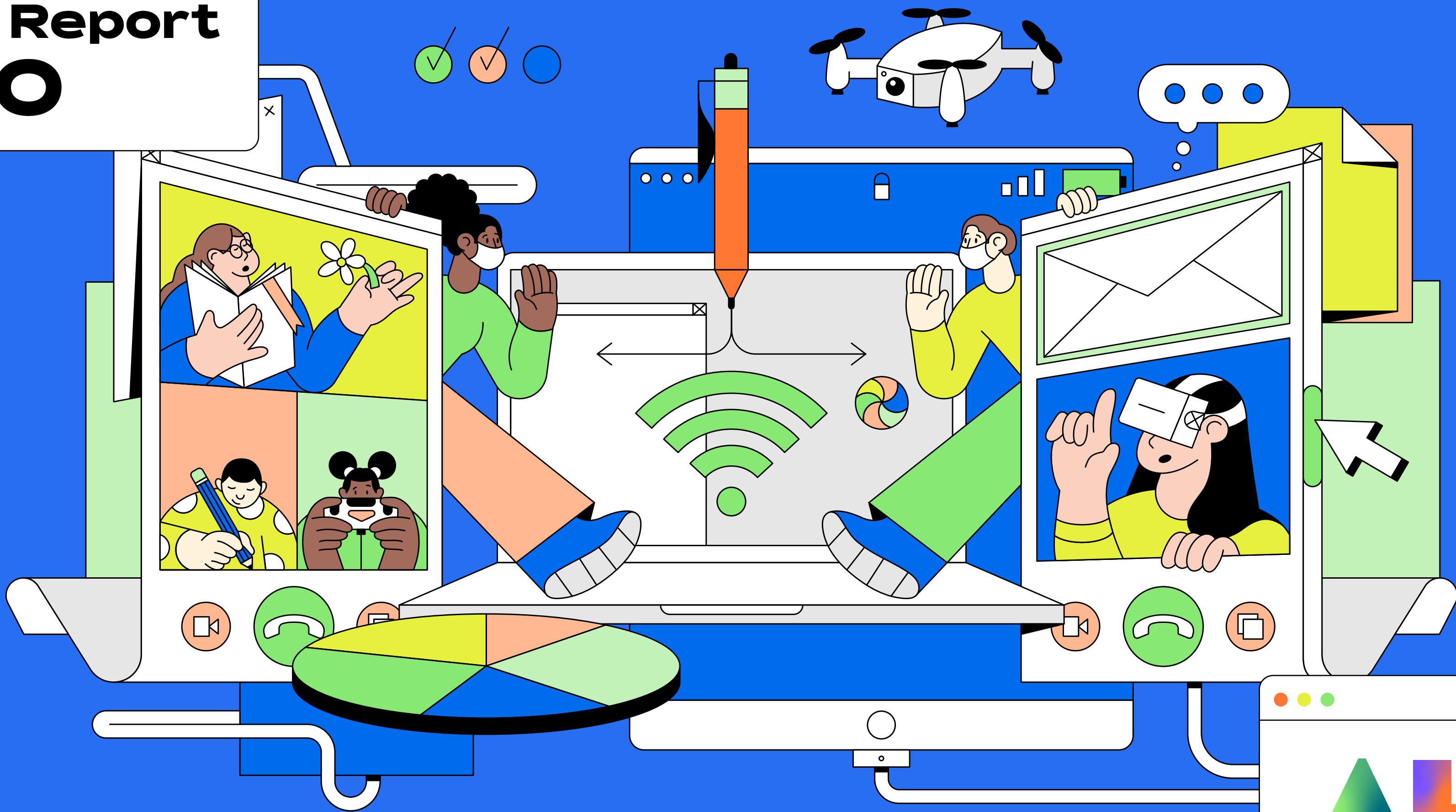
NEW 2 NEXT

Enabled by IT

ALSO
Annual Report
2020



5-YEAR-OVERVIEW

	2020	2019	2018	2017	2016
CONSOLIDATED INCOME STATEMENT (IN MIO EUR)					
Net sales	11 898.4	10 692.7	9 175.7	8 890.7	7 984.1
Thereof Supply	8 423.3	7 533.5	7 199.6	6 963.8	6 231.6
Thereof Solutions	2 975.7	2 732.7	1 623.5	1 602.4	1 512.9
Thereof Service	499.4	426.5	352.6	324.5	239.6
Gross profit	639.4	601.2	542.7	544.3	506.0
EBITDA	227.5	196.7	152.7	157.3	146.0
EBIT	185.3	157.9	136.7	141.0	128.5
Profit before taxes (EBT)	167.7	134.8	117.3	124.2	113.9
Net profit Group	130.0	100.3	81.2	92.5	83.2

	12.31.2020	12.31.2019	12.31.2018	12.31.2017	12.31.2016
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN MIO EUR)					
Cash and cash equivalents	483.2	349.5	240.4	235.6	55.5
Other current assets	1 992.4	2 058.7	1 875.0	1 662.7	1 579.7
Non-current assets	406.5	415.4	266.9	260.2	259.9
Total assets	**2 882.1**	**2 823.6**	**2 382.3**	**2 158.5**	**1 895.1**
Current liabilities	1 688.4	1 643.0	1 395.3	1 179.3	1 100.4
Non-current liabilities	372.4	448.3	311.3	355.9	229.5
Equity	821.3	732.3	675.7	623.3	565.2
Total liabilities	**2 882.1**	**2 823.6**	**2 382.3**	**2 158.5**	**1 895.1**
Equity ratio	28.5 %	25.9 %	28.4 %	28.9 %	29.8 %

	2020	2019	2018	2017	2016
CONSOLIDATED STATEMENT OF CASH FLOWS (IN MIO EUR)					
Free cash flow	226.6	239.5	57.9	67.3	70.5
Cash flow before changes working capital	163.2	139.2	104.1	97.7	100.1
Investments in property, plant and equipment	6.8	7.6	10.2	11.0	6.8
KEY FIGURES					
Gross margin as % of net sales	5.4 %	5.6 %	5.9 %	6.1 %	6.3 %
Net profit Group as % of net sales	1.1 %	0.9 %	0.9 %	1.0 %	1.0 %
Return on Capital Employed (ROCE)	21.0 %	15.5 %	11.8 %	13.5 %	13.0 %
Net financial debt/EBITDA	−0.17	0.75	1.07	1.10	1.14
Average headcount during the year [1]	4 081	3 952	3 708	3 790	3 524
EBITDA per employee in EUR 1 000	55.7	49.8	41.2	41.5	41.4
SHARES OF ALSO HOLDING AG					
Number of registered shares, nominal value CHF 1.00 per share	12 848 962	12 848 962	12 848 962	12 848 962	12 848 962
Dividend per registered share (in CHF)	3.75 [2]	3.25	3.00	2.75	2.25
Earnings per share EPS (in CHF)	10.86	8.68	7.31	8.03	7.09
Equity per registered share (in CHF)	69.05	61.86	59.26	56.77	47.24
Market capitalization at December 31 (in Mio CHF)	3 250.8	2 099.5	1 431.4	1 721.8	1 155.1
Price-earnings ratio (P/E ratio)	23.3	18.8	15.2	16.7	12.7

1) Basis: full-time equivalent positions excluding temporary employees
2) Proposal of the Board of Directors

KEY PERFORMANCE INDICATORS

To view the key performance indicators in augmented reality, download the “Discover ALSO” app onto your smartphone, available in the App Store and the Google Play Store.

1 REVENUE AND NET PROFIT

2 EARNINGS BEFORE INTEREST AND TAXES (EBIT)

3 RETURN ON INVESTED CAPITAL (ROIC)

4 EBITDA

5 EQUITY AND RETURN ON EQUITY (ROE)

6 RETURN ON CAPITAL EMPLOYED (ROCE)

7 SUSTAINABLE GROWTH RATE (SGR)

8 NET WORKING CAPITAL (NWC)

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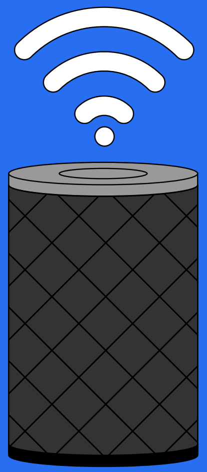

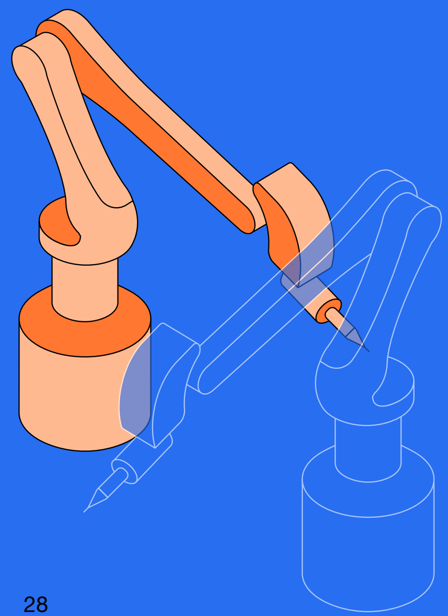

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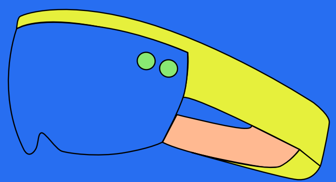


LETTER TO THE SHAREHOLDERS

Dear shareholders

2020 was anything but normal: COVID-19 forced us to adopt completely new rules for working, learning, and living together. The “New Normal” is characterized by three main elements:

- social distancing and hygiene rules
- digitalization of all areas of life
- increase in the intensity and speed of changes

To arrange their everyday lives, organizations and individuals need to have a high degree of adaptability. Home schooling and home working have shown that remote communication and agile management are the prerequisite for this, while IT is the basis.

Some economic sectors suffered very severely from the associated effects, while others, including the IT sector, tended to benefit from it. But there were also significant differences within our sector: Companies that invested in infrastructure, systems, and employees on a long-term basis were better able to handle the situation and sustainably increase and take advantage of opportunities, for example in the field of digital platforms.

Your company, ALSO, laid a solid foundation for sustainable development around ten years ago: the MORE strategy, the development of different business models and of the ecosystem, the sustainable building of our digital infrastructure with ERP harmonization (SAP), business intelligence, digital customer relationship management (CRM), the e-commerce platform, the cloud, etc. This foundation that has evolved over time and that we continuously optimize further, adding new functions and supplementary components, cannot be copied in the short or medium term. From box to byte – that is, in a nutshell, the development that the company has undergone in this period. And it is very likely that the equipment and technology that you are using right now to read our annual report was provided by ALSO.

From a business perspective, 2020 was a very successful year for ALSO. The ALSO Group's EBITDA increased to 227.5 million euros (previous year 196.7 million euros), while its ROCE climbed to 21.0 from 15.5 percent. We thus significantly exceeded the upper target value of our guidance – without any acquisitions.

As shareholders – and a substantial number of you has been supporting the company for years, you are of course intended to share in our success. The Board of Directors will therefore propose a distribution from the foreign capital contribution reserve of 3.75 Swiss francs per share for approval at the upcoming Annual General Meeting on March 17, 2021.

In view of the rapid spread of the virus, the "New Normal" – the time of the pandemic – will continue for at least the current year. The vaccinations are ultimately an attempt to put out a forest fire with a garden hose. For the time being, following social distancing and hygiene rules will still be the best way to contain the spread of infections. This "New Normal" will therefore be characterized by:

- virtual communication and collaboration
- ecosystems
- digital platforms

For ALSO, this will mean continued strong demand in product categories such as routers, laptops, and accessories in 2021, as well as for digital platforms for home working and home schooling. The need for digitalization at companies of all sizes also presents opportunities for our Solutions business model with its flexible expert consulting services and innovative products for the requirements of the "New Normal". But above all, the attractiveness of our Service business model will increase significantly, as its usage-based approach considerably reduces capital requirements and thus lowers the barriers to entry.

New technologies constantly offer new opportunities for our business. For 2021, we are therefore planning to improve our reported EBITDA to between 240 and 255 million euros, with a ROCE of 15 to 20 percent.

The post-pandemic phase, which we do not expect until 2022, will not mean a return to the old normality, but rather a “Next Normal” will develop. This development will be based on the following three factors, the 3e:

- *Economical:* Why should companies and employees rent expensive office space and housing in a city, when the majority of work can be performed virtually and remotely? Why have a large number of business trips? During the New Normal, we have all learned to work remotely and recognized the advantages this brings.
- *Emotional:* Spending more time with family and friends is one of these advantages. Avoiding long commutes in rush-hour traffic or overcrowded public transport improves our quality of life. And why not live in the country with more space and lower prices than in the city?
- *Ecological:* Global warming is a scientifically proven fact. Governments in many countries have now committed to reducing CO_2 emissions significantly. During the lockdown, it became clear that remote working is not only possible but also efficient and successful. At the same time, it contributes to climate protection, since working from home reduces commuter traffic as well as business trips. Virtual meetings and conferences result in a significant reduction in CO_2 emissions.

All of these driving factors will ensure that remote working becomes the new norm.

The future will be characterized by dynamic ecosystems, flexible collaboration within and outside companies, and agile management structures.

New, platform-based technologies in fields such as the Internet of Things and artificial intelligence are just at the beginning of their marketing. As a technology provider, ALSO has excellent knowledge of the market, the necessary expertise, and the right ecosystem to bring solutions onto the market through our resellers. Successful application of all these technologies requires cybersecurity that is stable and as seamless as possible, something which ALSO is advancing in collaboration with expert partners.

In combination with the velocity of response and strength of implementation of the employees we see excellent potential for growth. Taking into account possible acquisitions, the ALSO Group has therefore defined a target range of 280 to 350 million euros for EBITDA in the medium term. The expectation for ROCE is above 20 percent in the case of purely organic growth and above 15 percent in the case of acquisitions.

I would like to thank all of you – our resellers and vendors for your excellent cooperation in these challenging times and for the trust that you place in us. The investors and analysts whose constructive questions helped us define our business models precisely and develop them further. In particular, my thanks go to our employees for their outstanding achievements, from the Chief Customer Officers in the countries to our colleagues in the warehouses, who did their utmost to ensure that the supply chain never broke down.

And last but not least, I would like to thank you, our shareholders. Many of you have been supporting us for years, and I would like to thank you sincerely for this sign of confidence. Of course, my thanks also go to the many new investors who are confirming our assessment that the IT industry still offers major growth potential. We will do everything possible to tap this potential for you in the year ahead, too.

Yours,

Gustavo Möller-Hergt
CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS OF ALSO HOLDING AG

ALSO SHARE AND SHAREHOLDER STRUCTURE

Outperformance in the reporting year

The development on the capital markets in 2020 was dominated by the COVID-19 pandemic. After a promising start at the beginning of the year, prices on the stock markets fell by up to 35 percent in February and March due to the anticipated negative effects of the global pandemic on the world economy. A recovery began on the capital markets in the following months after various countries, including the USA, Germany, France, and the UK, had announced extensive financial support packages. In addition, progress on the development of vaccines for COVID-19 had a positive impact on share price performance, with the effect that the capital markets closed the year at the high level of the previous year.

The Swiss stock market was caught in the undertow of the COVID-19 pandemic and displayed a similar development to that of the international capital markets. The Swiss stock index SPI recovered from the price declines of more than 30 percent in March to close the year down just –0.2 percent on the previous year. Technology stocks recorded considerably higher price increases. For example, the SWX ID TECH technology index rose by 17.2 percent year on year.

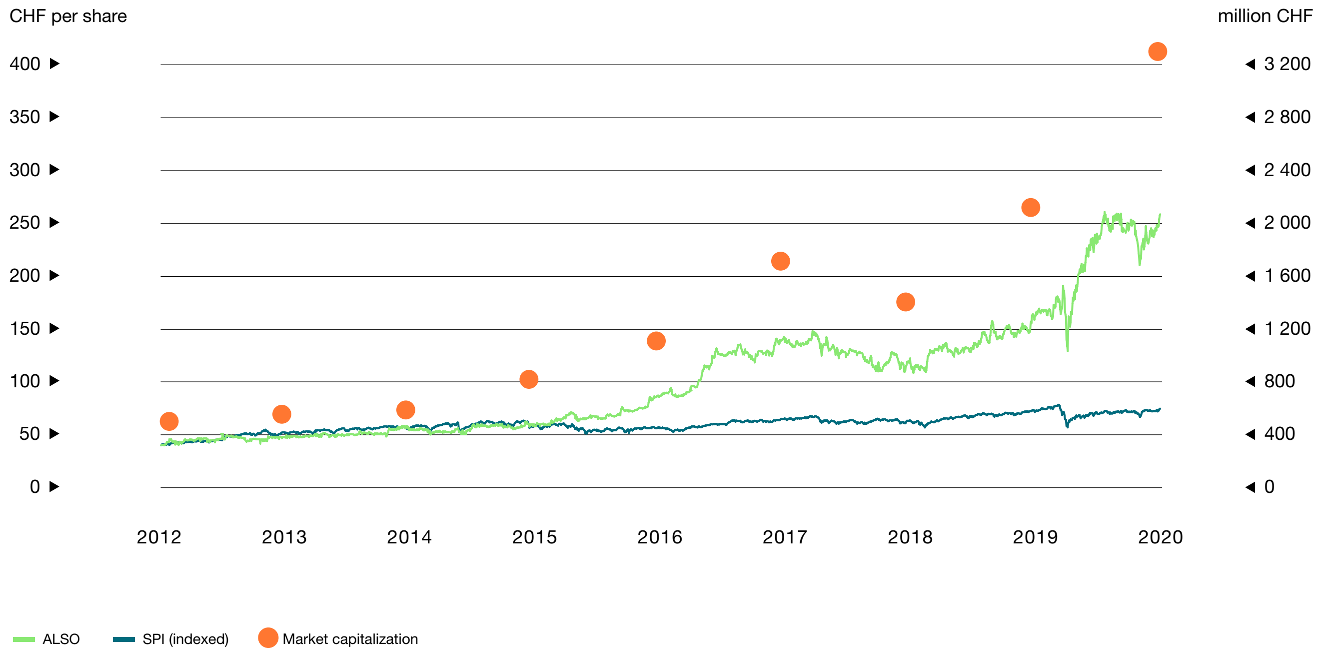
The ALSO share performed better than average in 2020. Trading at 164.00 Swiss francs on January 1, 2020, it closed the year at 253.00 Swiss francs, representing an increase of 54.3 percent.

As of December 31, 2020, the total market capitalization of ALSO was 3 251 million Swiss francs (previous year: 2 100 million Swiss francs).

Share price performance from 2012 to 2020

With the systematic implementation of the MORE strategy introduced in the 2011 fiscal year, the share price has steadily gained ground in spite of the temporary price correction in line with the global stock markets in 2018 and the COVID-19 pandemic in spring 2020. The share price reached an all-time high in 2020. On July 1, 2012, the share was being traded for 39.65 Swiss francs, peaking at 263.00 Swiss francs on September 2, 2020 and then closing the year at 253.00 Swiss francs on December 31, 2020.

Share price performance and market capitalization 2012 to 2020 Fig. 01



Therefore, the net capital gain resulting from the positive share price performance and the dividend amounts to 582 percent for the period from July 2012 to December 2020. See Fig. 01

Listing

ALSO Holding AG's share have been listed on the SIX Swiss Exchange since 1986 (symbol: ALSN, security no.: 2 459 027, ISIN: CH0024590272) and are listed in various indices, including: SPI, SPI Extra, SWX ID TECH and UBS 100.

Dividend policy

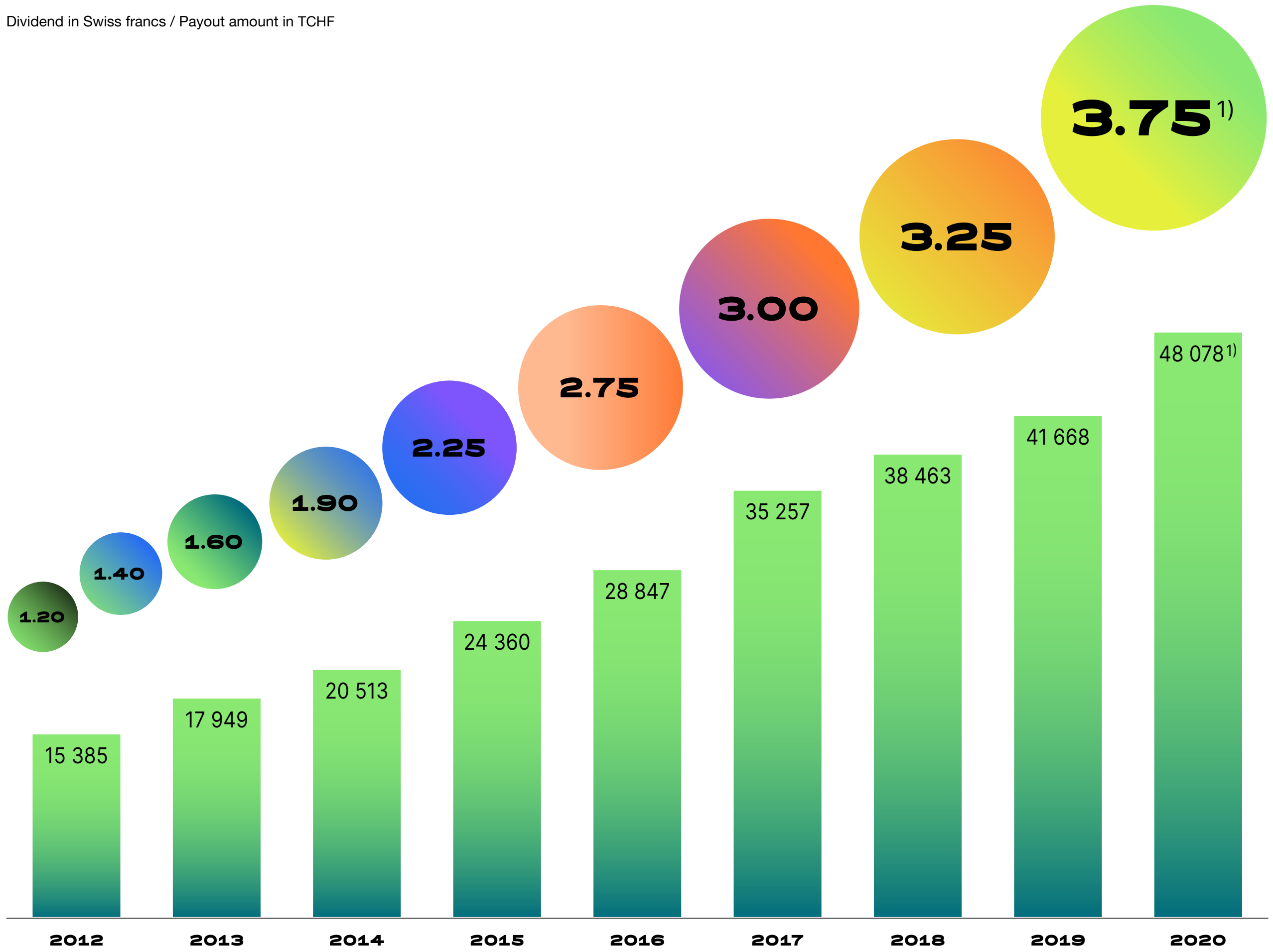
The Board of Directors of ALSO Holding AG follows a continuous dividend policy and aims for a payout ratio of 25 to 35 percent. The current earnings, financial position, and corresponding outlook are all considered when deciding on the size of the dividend each year. For 2021, the Board of Directors proposes a distribution to the shareholders from the foreign capital contribution reserve of 3.75 Swiss francs per share. This represents a total dividend payment of 48.1 million Swiss francs, or 34.2 percent of the net profit generated*. The proposal will be submitted to the shareholders for approval at the Annual General Meeting of March 17, 2021. See Fig. 02

The dividend will be paid from foreign capital contribution reserves. Therefore, if the proposal is approved by the shareholders, it will be tax-free for shareholders resident in Switzerland who hold the shares as private assets.

* Translated at the CHF/EUR spot price of 1.0802

Dividend per share and cumulative amount of payout Fig. 02

Dividend in Swiss francs / Payout amount in TCHF



1) Proposal of the Board of Directors Diameter of the circles represent the respective amount of the dividend

Key figures of the ALSO share

	2020	2019	2018	2017	2016
Number of registered shares with a nominal value of CHF 1.00 per share	12 848 962	12 848 962	12 848 962	12 848 962	12 848 962
Dividend per share (in CHF)	3.75 1)	3.25	3.00	2.75	2.25
Earnings per share (in CHF)	10.86	8.68	7.31	8.03	7.09
Equity per share (in CHF)	69.05	61.86	59.26	56.77	47.24
Highest price (in CHF)	263.00	167.40	145.60	140.00	92.50
Lowest price (in CHF)	123.00	106.00	103.00	90.15	61.65
Market capitalization as of December 31 (in CHF million)	3 251	2 100	1 431	1 722	1 155

1) Proposal of the Board of Directors

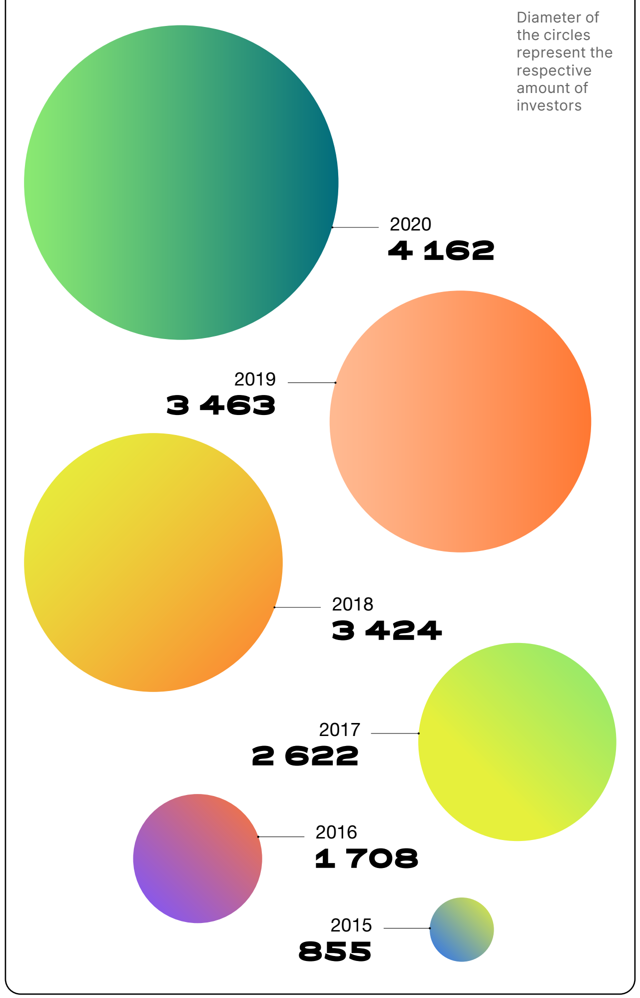
Shareholders

ALSO has a broadly diversified, international and long-term shareholder base with a clear majority situation. The principal shareholder is Special Distribution Holding GmbH (51.30 percent).

Special Distribution Holding GmbH, with its registered office in Düsseldorf (Germany), is a company of Droege Group AG. The Droege Group is an independent consultancy and investment company and a specialist in tailored transformation programs with the aim of increasing enterprise value. The Droege Group invests equity in "special opportunities" with a focus on medium-sized companies and spin-offs, as well as making strategic investments in buy-and-build transactions. The company combines its family business structure with a strong capital base to create a family equity business model. As an industrial holding company, the Droege Group forms a diversified portfolio and develops its business platforms in line with long-term megatrends.

Due to the sustainable improvement in the ALSO Group's earnings, there has been a significant increase in the price of the ALSO share. The free float comes to 48.70 percent. Institutional and small investors' interest in the ALSO share was also reflected in the number of shareholders, which almost quintupled from 855 in 2015 to 4 162 in 2020. See Fig. 03

Number of institutional and small investors Fig. 03



Investor relations

ALSO informs its shareholders and the capital market openly, comprehensively and promptly about major events and developments. It ensures all stakeholder groups are treated equally in terms of time and content in its periodic and ongoing reporting.

In addition to the detailed annual report, the half-year report, and the sustainability report, ALSO also continuously informs shareholders and market participants by way of press releases and events such as roadshows and capital market days. At these events, and on other occasions, all members of the Group Management and other representatives of the management are available to the shareholders for meetings during the year – in addition to the annual results media conference and the Annual General Meeting – if desired, subject to no-trade periods of course.

Extensive information about the company is available at www.also.com in the “Investor Relations” section. Current and previous reports, press releases, and investor presentations can also be found here. In the Investor Relations/News Service section, it is also possible to subscribe to the press releases.

In December 2020, a Capital Markets Day with around 100 participants was held, where the company gave interested parties an insight into the strategic development of its business models and answered questions. ALSO holds roadshows at regular intervals at which institutional investors and analysts can obtain detailed information about the ALSO Group’s strategy and business performance, and it also takes part in investor events.

Dynamics Group AG, a leading service provider in investor relations, can also be contacted by investors and analysts by telephone or via the central email address investor-relations@also.com at any time.

The ALSO share is observed and regularly evaluated by various banking institutions and analysts. The management of the ALSO Group keeps interested analysts up to date on the Group’s performance within the legal framework.

The observing banks and financial institutions are:
Baader Bank
Bank Vontobel AG
Mirabaud Securities
Research Partners
Warburg Research

Financial Calendar

Annual General Meeting	March 17, 2021
Publication of half-year report	July 20, 2021

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BASIC INFORMATION ON THE GROUP

1. The ALSO ecosystem

After starting out as a wholesaler of equipment for the ICT sector, ALSO has developed over the past ten years into a technology provider with products and services for IT solutions, the cloud, the IoT, and other digital platforms. Over this period, the company has systematically developed and expanded a stable, wide-ranging, and flexible ecosystem for the ICT industry. It consists of the two customer categories of vendors (manufacturers of IT products and services) and resellers (retailers, etailers, SMB Resellers, corporate resellers, and value-added resellers). See Fig. 04

The Group has a portfolio of more than 700 vendors, including all major global market leaders, in the product categories of hardware, software, and IT services. We offer the vendors access to more than 110 000 resellers, who can call up a wide range of other customized services in the logistics, finance, and IT services sectors, as well as traditional wholesale services. From developing complex IT landscapes, to providing and updating hardware and software, to taking back, reprocessing, and remarketing IT hardware, ALSO offers all services from a single source in keeping with a circular economy.

Thanks to the variety of market participants and their specific composition, our ecosystem is very robust, as potential critical developments in one individual segment are compensated by new developments and enhancements in other segments. The importance of this resilience became particularly evident during 2020.

The ALSO Ecosystem

Fig. 04

All numbers are approximate

By way of innovations, the vendors provide continuous new impetus. The resulting products and services form the basis for our further business development. Our resellers provide access to a large number of end customers and represent an essential part of the ecosystem with their sales power and local services.

In addition, the expertise, commitment, and creativity of ALSO's employees contribute to the company's success.

2. The three business models: Supply, Solutions, Service

We cultivate the market with three different business models in two marketing channels. See Fig. 05

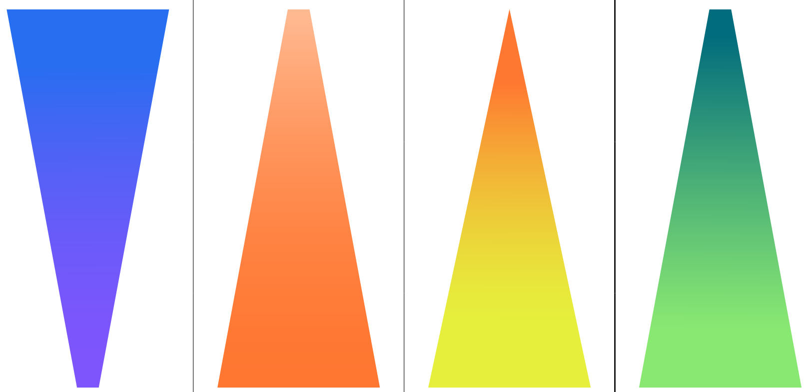
Net sales in the traditional **Supply** business model include wholesale business with equipment and software for the IT, consumer electronics, and telecommunication sectors. Marketing is mostly transactional, i.e. it takes place through the purchase or sale of products and supplementary services. The business model is characterized by a high number and frequency of transactions, high net sales, high scalability, high working capital requirements, low retention rates, and low margins.

In the **Solutions** business model, ALSO provides project-based support in particular to resellers, mostly small and medium-sized businesses (SMBs), on questions of IT architecture and design, rapidly translates requirements into specific configurations, and monitors the status of projects. This business model is characterized by practical support across all project phases and the sale and provision of the required hardware and software. It thereby boosts the other two business models and is implemented mainly on a transactional basis through the sale of hardware and software, but increasingly also on the basis of usage.

In the **Service** area, ALSO acts as a service provider for logistics, sales, and IT services. IT services comprise the "as-a-Service" sales of all technological components that a digital workstation (unique user) requires. All software components are used via the cloud. In addition, services such as financing, maintenance, dimensioning, and replacement are provided for their use. The central hub is the ALSO Cloud Marketplace. This proprietary platform facilitates all functions for invoicing, monitoring, security, and configuration of services. Marketing is primarily usage-based (consumptional).

Our business models: 3S Fig. 05

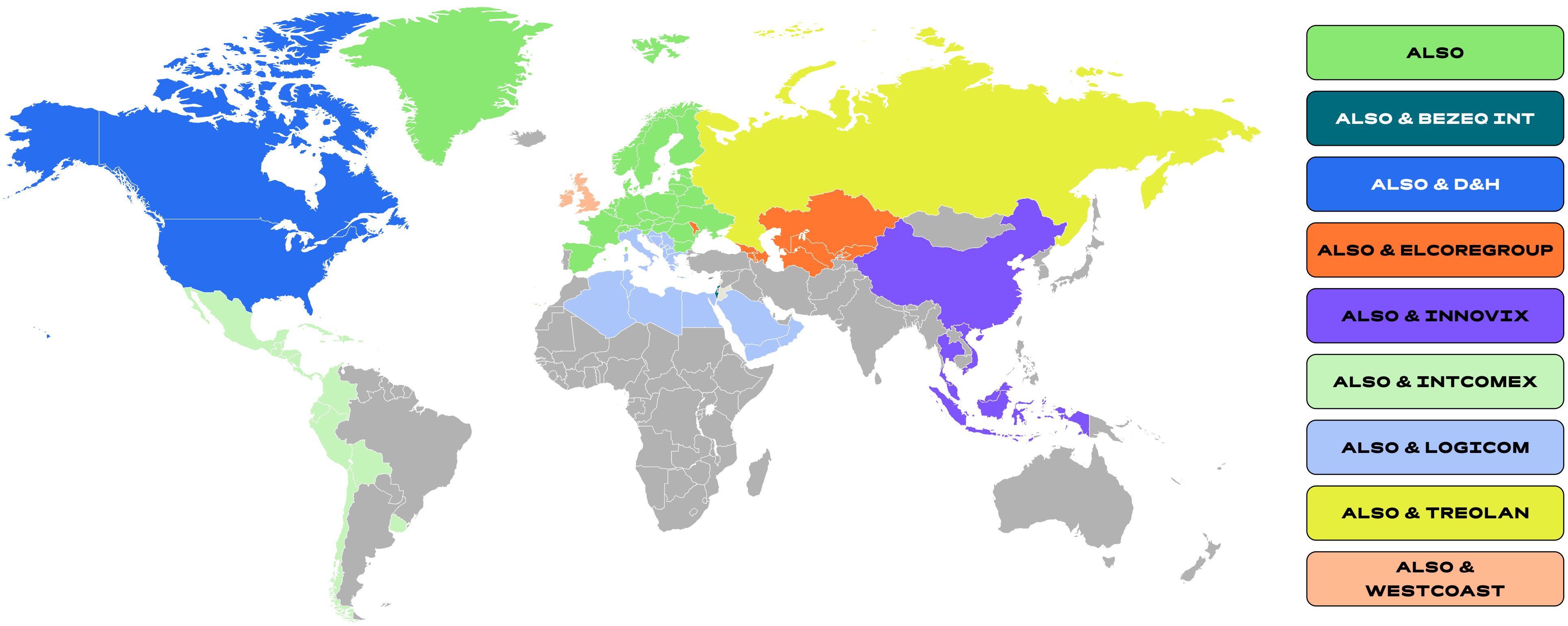
Business model	Route to market	Revenue	EBITDA margin	Customer loyalty	ROCE
Supply	Mainly transactional				
Solutions	Hybrid				
Service	Mainly consumptional				



The platform is also offered to partners outside the countries where ALSO operates, and includes platform-as-a-service business. In addition to the basic license, ALSO participates in its partners’ growth here by way of a dynamic service fee with a defined upper limit. See Fig. 06

Digital platform in 90 countries: ALSO and PaaS partners

Fig. 06



Other services in the Service business include:

- *Logistics-as-a-Service:* Supply chain solutions along the complete value chain for vendors and resellers.
- *Sales und Marketing-as-a-Service:* Sales activities as well as traditional and digital marketing for vendors in order to widen their customer base, and marketing of telecommunication contracts.

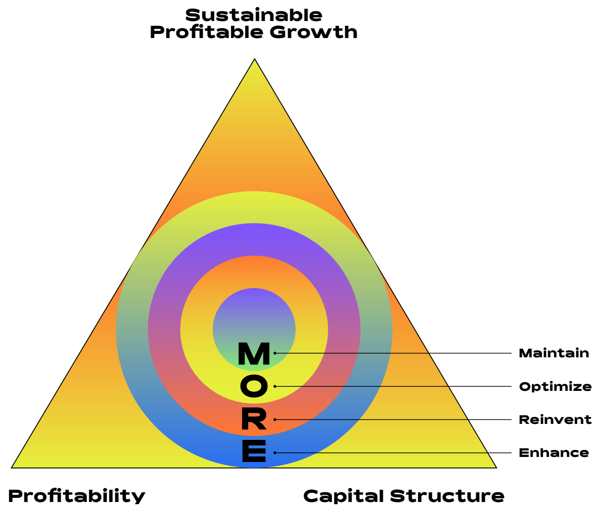
With our three business models – Supply, Solutions, and Service – we cover the entire range of IT from transactional, the purchase of hardware and software, to consumptional (usage-based), IT-as-a-Service via the cloud, including possible hybrid solutions. The three business models complement one another, with all three areas benefiting from the shift toward usage-based offers. IT-as-a-Service generates recurring net sales with higher margins than Supply business, while it is also less capital-intensive and highly scalable. The benefit for Supply consists of the growing customer base and the hardware-based as-a-Service offers, while Solutions business is strengthened by the necessary consultancy services for the optimal setup.

3. MORE – our corporate strategy

ALSO introduced the MORE strategy in 2011. See Fig. 07 The company's primary goal is to increase its enterprise value and thus generate income for its shareholders in the most sustainable possible way. A balanced relationship between growth, profitability, and the capital structure is crucial here. ALSO stands for growth that is reproducible, scalable and profitable, as well as ethical and responsible toward current and future stakeholders.

MORE – Company Strategy

Fig. 07



Four activities help ensure that we achieve these goals:

- **M** for Maintain stands for securing what has already been achieved, further expanding the ecosystem, and maintaining the dominant position in developed markets.
- **O** for Optimize refers to the continuous optimization of business models and processes to increase ALSO's operational excellence and financial success.
- **R** stands for Reinvent. ALSO aims to continue growing with the transactional business model while also significantly increasing the share of net sales generated with solution- and service-oriented business models.
- Finally, **E** means Enhance, strengthening through acquisitions. This is primarily about expanding ALSO's position in markets where it is already a leading player and establishing new business models in markets where ALSO does not yet have a dominant position, developing these, and gaining a foothold in new markets with the existing business models.

4. LESS – our sustainability strategy

For us, responsible corporate management means growing sustainably and profitably, acting ethically, and improving people's quality of life with technology. This encompasses environmental issues such as CO_2 emissions and avoiding waste, as well as social issues such as data security and passing on digital expertise across all generations.

Within our field of action, we have defined four activities that together form our LESS sustainability strategy. See Fig. 08

- **LOWER:** The aim is to reduce our CO_2 footprint using measures such as lowering energy consumption and heating costs, switching to electricity from sustainable energy sources, and targeted waste management.

- **ENHANCE:** To encourage responsible use of resources at the company and further reduce our environmental footprint, we are enhancing our sustainability reporting. For this purpose, we set up a system that first identified all relevant areas for ALSO (materialities) in an analysis and then underpinned these with a monitoring and reporting matrix.

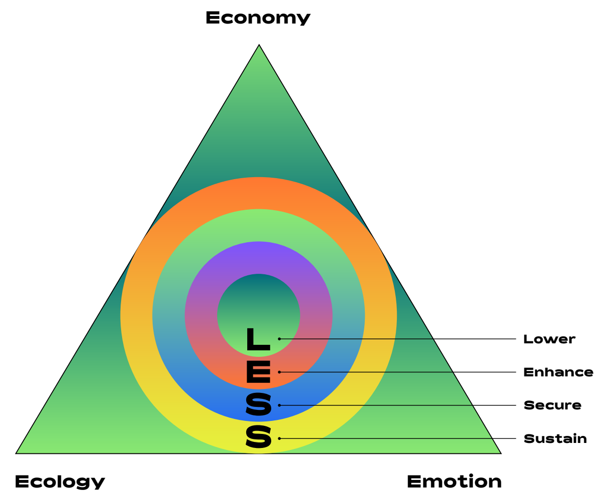
- **SECURE:** Cybersecurity is one of the biggest challenges of increasing digitalization. This relates to both the security of data traffic in the cloud and the protection of individuals' privacy. This also includes responsible use of data on the basis of the GDPR. The security of business (risk management and compliance) in the interests of sustainable corporate development and the resulting security for employees and customers are also important elements.

- **SUSTAIN:** We actively contribute to making skills and knowledge about the use of digital technologies available to civil society, and especially to children and young people. To this end, we get involved in local initiatives in our national companies.

Sustainability is incorporated directly in the Group Management at ALSO. Overall responsibility for sustainability lies with the CEO and Chairman of the Board of Directors.

In the reporting for 2020, we made a change to our reporting system: Whereas previously we had always documented the main facts of our commitment to sustainability as part of our annual report, in future we will do this in detail in a separately published sustainability report. The first Sustainability Report of ALSO Holding AG was published on February 1, 2021.

LESS – Sustainability Strategy Fig. 08



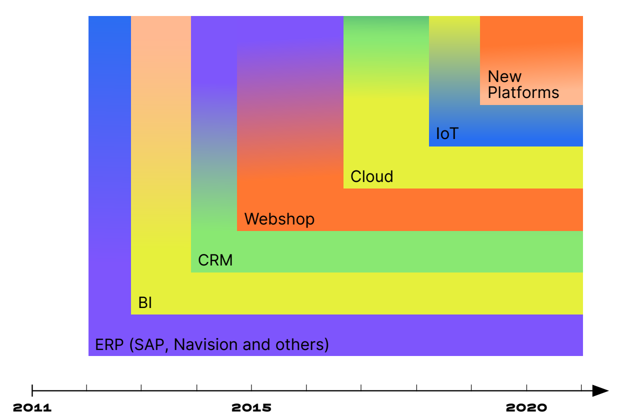
5. Company management

ALSO aims to maintain a balanced relationship from an economic perspective between growth, profitability, and the capital structure, with the aim of generating income for the company's shareholders as sustainably as possible and increasing enterprise value. The harmonized Group-wide systems introduced in the past few years, such as ERP, Business Intelligence, and digital Customer Relationship Management (CRM), allow for continuous online monitoring of all relevant parameters. Using ALSO's IT systems, the management can call up the development of the different product and customer categories and resulting key financial figures, and can take necessary measures quickly where necessary. This enables the company to continuously:

- manage business
- optimize the portfolio
- acquire new customers

The introduction of these management and monitoring tools is very complex and lengthy, and must be harmonized throughout the Group in order to achieve the maximum benefit. Over the past ten years, ALSO has therefore gained a competitive advantage that should not be underestimated.

Scalable digital tools Fig. 09



5.1 Non-financial management

Customer satisfaction: Scientific studies show that there is a strong correlation between corporate success and the Net Promoter Score (NPS). The NPS measures customer loyalty and helps identify areas where action is needed to improve customer satisfaction and loyalty. ALSO uses this key figure because the financial targets set can be achieved only with a loyal and satisfied customer base. The NPS for customers has been measured online continuously since mid-2016. If a customer reports a problem, he or she is immediately contacted by a team. The Chief Customer Officer (comparable to a Managing Director) of the respective country or region manages this process.

Human Resources development: Another important key figure for the company's development is further training of its employees. In 2020, each employee participated in an average of 35.5 hours – almost a full working week – of training events. One focus here was digital training measures, whose higher degree of individualization allows the learning goal to be achieved more efficiently and effectively. There are a large number of management courses, subsidized additional training programs, and certifications, which are provided either via the ALSO Academy, an internal digital forum offering courses and lectures by experts and employees, via the inhouse e-learning platform, or at needs-based physical events.

Responsibility along the supply chain: We are a technology provider and thus act as an intermediary and aggregator between the vendors, resellers, and end customers of the IT industry. Sustainable management along the entire supply chain is therefore very important to us. We perform a regular review of all vendors with regard to their corporate social responsibility, covering the areas of procurement (avoidance of controversial sourcing) and production, compliance, and sustainability management. In the past two years, all relevant manufacturers (in terms of their net sales with ALSO) were sent a questionnaire, and just under 60 percent responded. We maintain continuous dialog with all manufacturers, especially those from whom we have not yet received feedback. In the future, we will also actively seek dialog with our resellers on sustainability issues.

Greenhouse gas emissions: Many of the products and solutions that we sell are still delivered in physical form, especially hardware. Monitoring and initiating measures to reduce greenhouse gas emissions is therefore an important part of our commitment to sustainability. One example is a new function in the webshop that allows customers to group together all orders made before 4 p.m. This not only saves time and packaging materials; it also helps reduce the emissions caused by transporting goods.

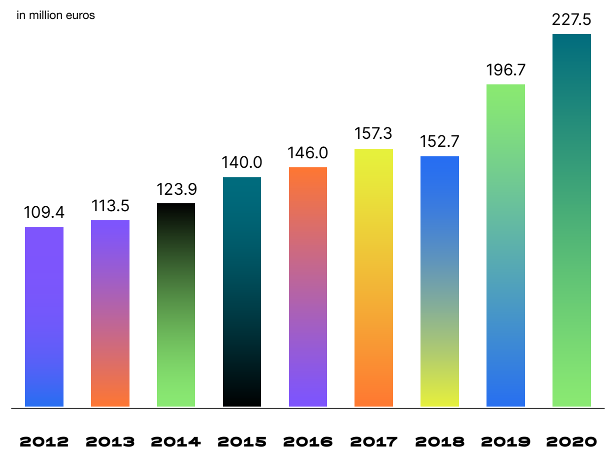
In addition, there are emissions from business trips: Because our Group is spread across 23 (since 2021: 24) countries, there was a very high level of travel by employees before 2020. We endeavor to reduce emissions by limiting business trips to a minimum, using climate-neutral options such as train travel, and increasingly switching to virtual meetings. Recently, remote working and virtual communication have become the norm. This will remain an option for employees with jobs that allow it, which will also reduce the emissions caused by commuter traffic.

For further information on the emissions caused by our business activities, please refer to the current Sustainability Report.

5.2 Financial management

EBITDA: EBITDA is a good indicator of the liquidity generated. Unlike free cash flow, EBITDA is not influenced by changes in net working capital relating to the reporting date. The liquidity generated is an important performance indicator for ALSO, as it is a decisive factor for paying out dividends and financing acquisitions and organic growth. See Fig. 10

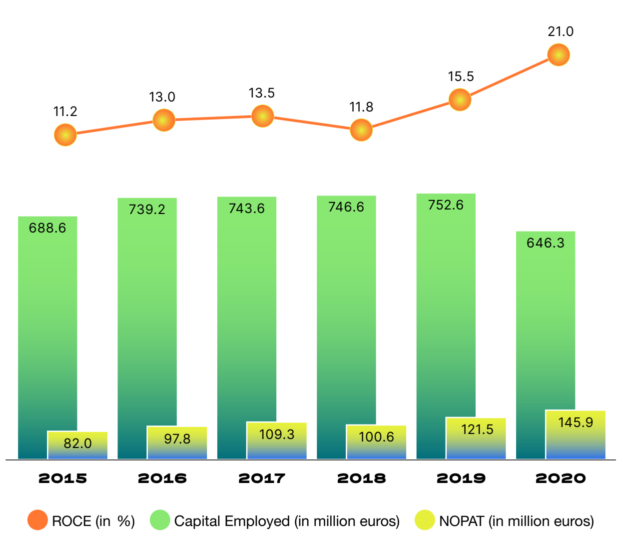
EBITDA | Fig. 10



Return on capital employed (ROCE): The Group aims to ensure that it does not generate profit or growth at the expense of changes in the capital structure. Using the ROCE, the company measures the success of the management of net working capital in relation to generated earnings. See Fig. 11

ROCE, CE and NOPAT

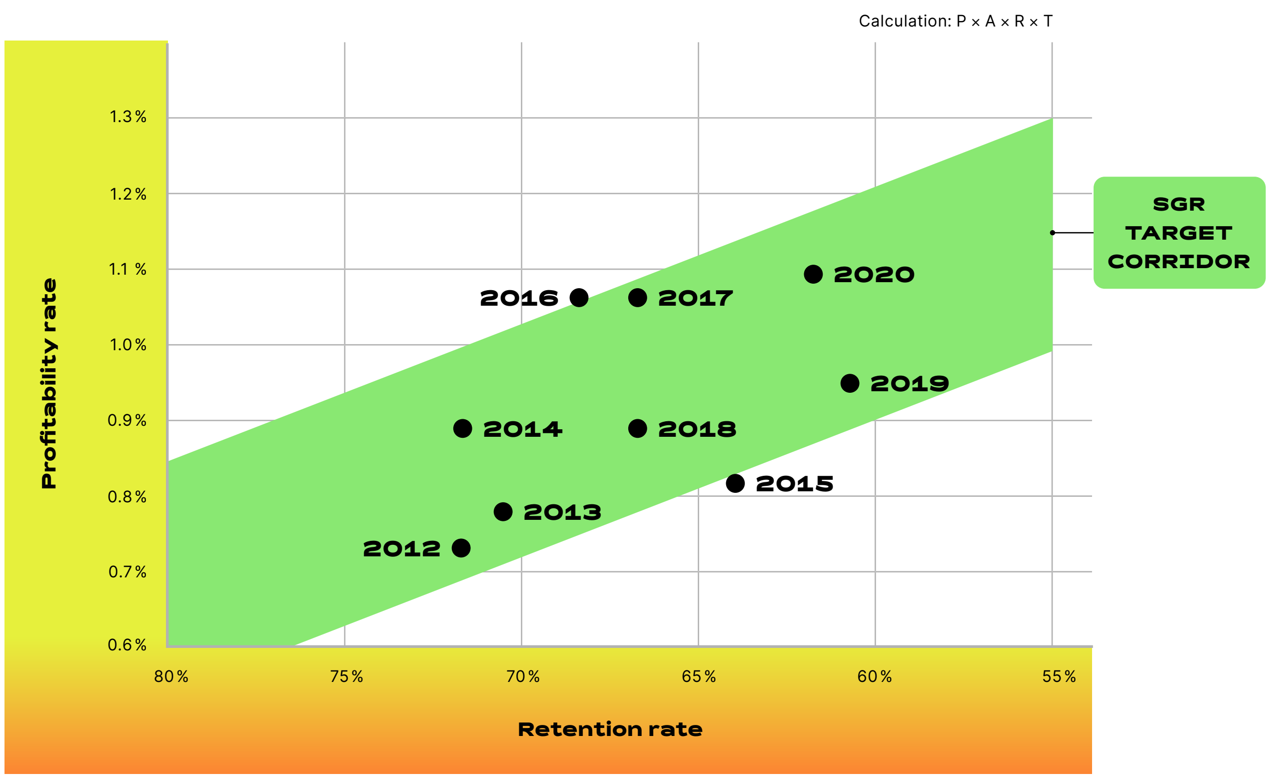
Fig. 11



Sustainable growth: ALSO aims to generate sustainable growth. This is monitored and managed on the basis of the sustainable growth rate (SGR). It is calculated by four key operating figures: **P**rofit rate × **A**sset utilization rate × **R**etention rate × **T**otal asset to equity ratio. Figure 12 illustrates the dependence of the retention rate and profitability rate on a constant asset utilization rate and total asset to equity ratio (2020 values in each case). If a target value for the sustainable growth rate is set for a stable capital structure, all possible values for retention rate and profitability rate in this constellation lie on a straight line. In the graph, the range between the target values 8 %–10 % SGR is marked in green. All combinations in this range enable growth of 8 %–10 % with

Sustainable Growth Rate

Fig. 12



Asset utilization rate and Total asset to equity ratio are set as constants
Representative visualization

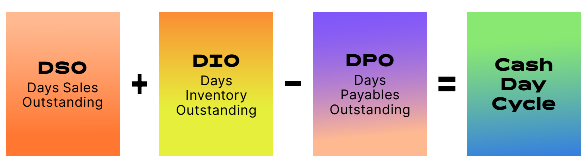
a stable capital structure in 2020. The figure shows that, given a stable capital structure, higher profitability enables a larger payout ratio. The combinations of the past are added for illustration purposes despite the deviating historical capital structure. see Alternative Performance Measures

When developing new business areas or acquisitions, the impact on this Group key figure is considered. For investors, this means that while the dividend yield remains constant there is no capital dilution, and they can additionally benefit from the increase in value from the targeted growth.

Net working capital (NWC): The development of receivables, liabilities, and inventories shows the success of measures to improve the capital structure. In addition to absolute figures in euros, the respective cash days (DSO, DIO and DPO) are also measured. See Fig. 13

Cash Day Cycle

Fig. 13

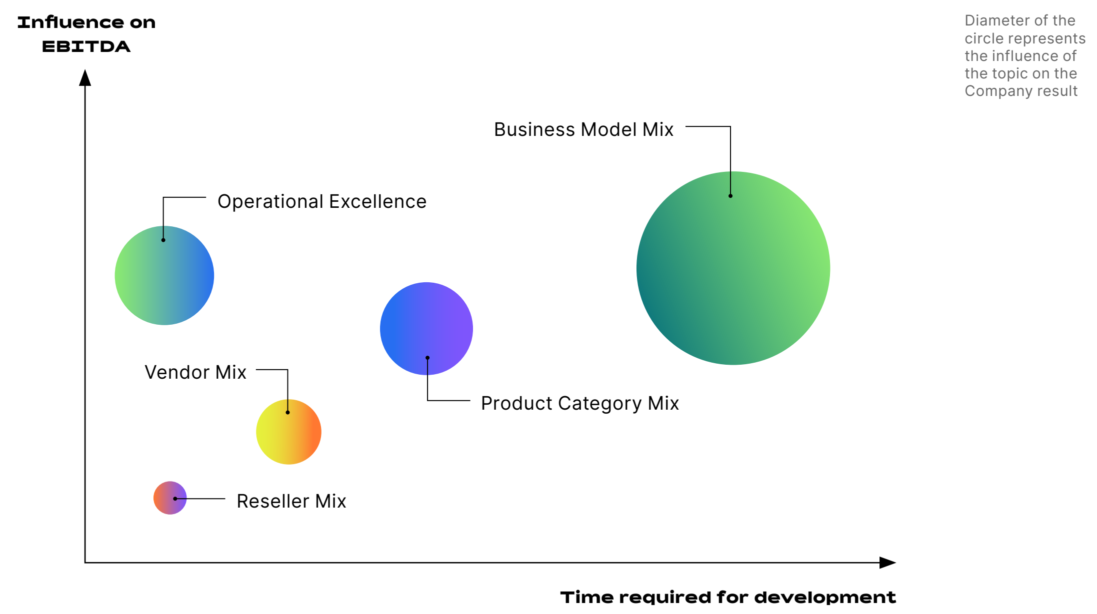


Five key drivers: The key figures above are analyzed and optimized for the composition of the following parameters:

- vendor mix
- reseller mix
- product category mix
- business model mix
- operational excellence (OPEX)

Five drivers for the development of the company

Fig. 14



6. Employees

Ultimately it is the employees, with their knowledge, commitment, efficiency and adaptability, who make the company successful. As a result of digital change, new possibilities are emerging for our employees to contribute to shaping their work. We offer them continuous further training to meet the company's requirements. We also achieve this by means of continuous coaching and indirect training for our managers. In turn, they motivate talented employees so that we can create a flexible, dynamic organization that reacts in a rapid and agile way to the requirements of the constantly changing market. In 2020, ALSO employed an annual average of 4 081 people in full-time positions (2019: 3 952), while 88 apprentices were being trained throughout the Group.

In Professional Development, continuous further training of employees is ensured by the ALSO Academy and an in-house e-learning platform, which includes internal and external training components. International dialog, high-potential programs, and partnerships with universities in various companies round off the training program.

As a family-friendly company, ALSO provides options such as mobile work and flexible working hours. This became increasingly important over the course of 2020 in particular. The age structure of our employees is balanced and displays a good mixture between highly qualified employees, internationally experienced managers, and young talents.

Further information on HR issues is contained in the Sustainability Report published on February 1, 2021.

Fulltime Equivalents (FTEs)

	2020	2019
Ø FTE	4 081	3 952
FTE at end of year	4 002	4 220

Total number of employees by type of employment

	2020	2019
Men full-time	2 515	2 660
Women full-time	1 199	1 298
Total full-time	**3 714**	**3 958**
Men part-time	186	183
Women part-time	416	453
Total part-time	**602**	**636**

Age structure

	2020	2019
16–20 [1]	0.9 %	0.8 %
21–30	15.4 %	16.8 %
31–40	34.3 %	33.3 %
41–50	27.6 %	28.7 %
>50	21.8 %	20.4 %

1) Employees under the age of 18 are employed exclusively in legally permissible apprenticeship relationships.

NEW NORMAL: DEVELOPMENT OF THE COMPANY

1. Development of the New Normal

The year 2020 was characterized by further intensification of protectionist measures, the election of a new US president, the growing polarization of political forces around the world, and the final withdrawal of the United Kingdom from the EU. However, the defining event was the development of the COVID-19 pandemic.

Some economic sectors suffered very severely from the associated effects, while others, including the IT sector, tended to benefit from it. But there were also significant differences within our sector: Companies that invested in infrastructure, systems, and employees on a long-term basis were better able to handle the situation and sustainably increase and take advantage of opportunities, for example in the field of digital platforms.

Immediately after the first concerning signs of the pandemic become known around the turn of 2019/2020, ALSO started monitoring the development in China intensively. We had thus prepared all necessary and possible measures to minimize risks and secure the supply chain under the conditions of the COVID-19 pandemic long before a significant number of infections arose in ALSO's countries. Over the course of the year, the company consistently adhered to the highest possible safety precautions while also pressing ahead with the development of offers for the emerging New Normal at businesses, in schools, and in society.

2. Protecting people

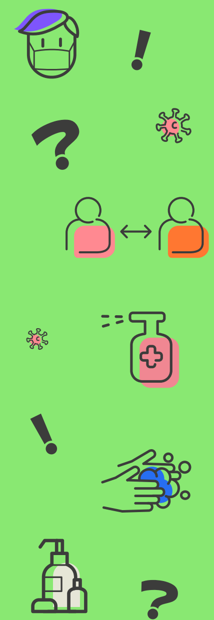
In early January, we held intensive discussions with virology experts. The company subsequently engaged a permanent consultant virologist with whom regular meetings were established on at least a weekly basis. Based on his expert advice, emergency plans were developed for the employees both in the offices and at the warehouses. Shift work was established there, with thorough cleaning and disinfection of all work equipment and areas between shifts. Instructions were published, and masks and disinfectants were ordered in sufficient quantities for all locations.

When a large number of infections occurred close to a major German location in June, the virologist conducted an audit of the German warehouses, which confirmed their exemplary protection and safety system. This is the benchmark for all of ALSO's warehouses. At the same time, all employees in this region could have a voluntary coronavirus test financed by ALSO.

All employees whose type of work allowed it – around 3 200 in total – were asked to work remotely from the beginning of March. Where possible, access controls were set up at the locations to ensure compliance with the rules. At the same time as the office closures, employees with pre-school or school-age children were given vouchers for streaming accounts to help them get through the first difficult stage in which classroom teaching and childcare was also stopped. In some countries and regions where work largely came to a halt due to the pandemic, the employees' wages continued to be paid without drawing on government support.

ALSO
CORONA

DOS AND DON'TS



1 No office entry unless your presence has been confirmed by the Corona team

2 Wear a Nose Mouth Mask at all times unless you are alone in an office

3 DON'T:
shake hands,
have less than 2 meters distance between you and your colleagues, touch frequently touched objects

4 DO:
sneeze in the crook of your arm
wash hands often and thouroughly
disinfect
use Nose Mouth Mask

5 Touch the Nose Mouth Mask on its straps only, wear it on your way to and from work, too. Wash it as often as possible (60 degrees).

6 Disinfect your hands when entering the building for at least 30 seconds

After the end of the first lockdown and in view of the relative easing of the situation from May onward, work in the offices gradually started to be resumed, while always taking account of the respective legislative system's recommendations. Rolling shift systems were introduced, employees had their temperature measured before starting work, and clear rules for appropriate work practices were communicated. The protection of groups who were at particular risk, whether for health or age reasons, remained unaffected. These groups of people were asked to keep working remotely. At the end of the year, employees were asked to work exclusively remotely again.

Thanks to these consistent measures, there were no proven cases of in-house infections with COVID-19 within the company during the whole of 2020.

2.1 Support for resellers

On March 16, ALSO announced to the press that it would offer tangible assistance to resellers. We benefited here from the fact that, based on our business intelligence, we can continuously monitor our customers' structural soundness. This was the basis for providing fast and unbureaucratic support to loyal customers that were structurally healthy but at risk of getting into difficulties as a result of the measures to combat the spread of COVID-19. Extending payment terms and increasing lines of credit proved to be effective forms of relief when there were short-term liquidity shortages. In addition, we offered to mediate expert legal advice to help resellers take advantage of any government support. While the offer was originally intended to expire at the end of April, it was then maintained until the end of the fiscal year due to the unchanged situation.

2.2 Virtualization of events

ALSO Germany's major in-house trade fair, Channels Trends+Vision (CTV), was originally planned as a physical event in the spring. In view of the dynamic development of the pandemic, we decided to cancel the fair in its planned form. Exactly on the originally planned date of March 27, the CTV were held as a completely virtual fair with approximately 6 000 visitors from Germany, Switzerland, and Austria. Owing to its resounding success, it was then held four weeks later as an international event on seven different platforms in all of ALSO's other 20 countries, this time attended by around 10 000 visitors.

The tool of virtual trade fairs was expanded further. With "SPOTLIGHT", an event that was prepared jointly but implemented locally, we drew attention to the cloud and the associated possibilities and opportunities for our customers. In the individual countries, webinars and courses are offered whose topics – from security to motivation and mindset – cover all areas relevant to the ICT sector and the people who work here.
At the same time, these trade fairs marked the start of an international CRM initiative. Since May, the CRM system has been used intensively in all ALSO countries, with hundreds of sales and marketing employees being trained to achieve a new level of quality in customer advice and sales deals.

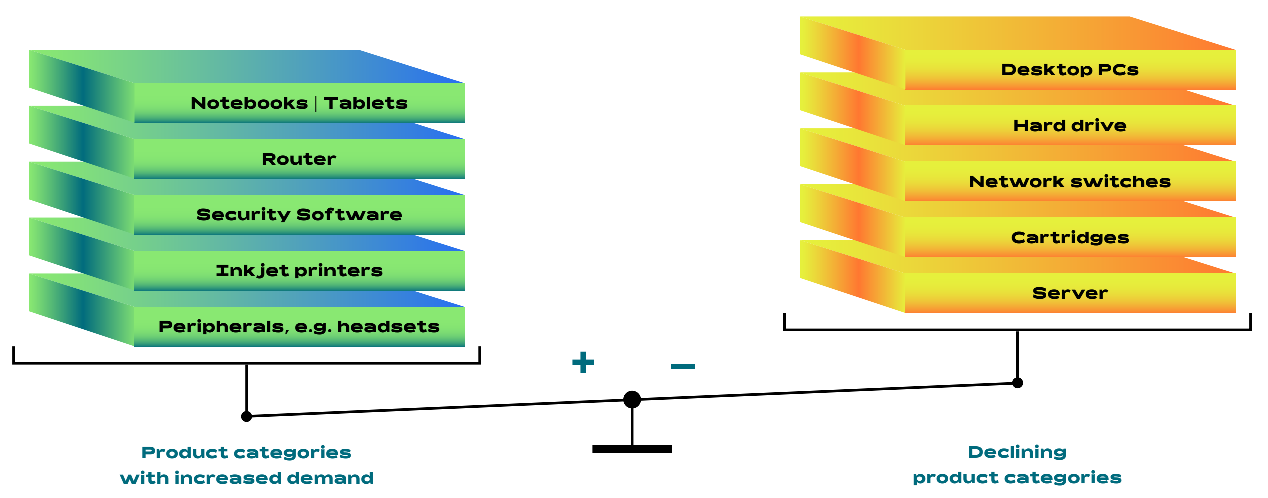
Not only customer events were systematically virtualized, but also investor events such as the Capital Markets Day with over 100 participants on December 3, 2020.

2.3 Development of internal communication

One of the challenges of virtualization relates to employees' mental health. It was partly for this reason that some staff expressed a desire to return to the offices. To prevent isolation and the sense of a lack of information, the company's internal communication was enhanced significantly. There were regular live events with the CEO at which all employees could ask questions, and the CCOs for the countries were also available at all times. Starting from May, the ALSO Academy was established. Alongside further training, one of the most important tasks is the integration of new employees who started working at ALSO during or just before the pandemic. In courses developed specifically for them, these employees are given an introduction to the company's work areas and business models. Training was and is also required in areas such as CRM and insights into new fields of work such as robotic process automation. To strengthen communication, there is also training such as art courses that broaden the participants' vision with topics like "Changing perspective" and "Patchworking: analog and digital collage" to help them tackle the challenges of the future creatively.

Development of different product categories

Fig. 17



3. Development of the company during the New Normal

One of the most important foundations that enabled ALSO to handle the challenges of the pandemic well was the ecosystem developed over the past ten years. Due to the large number of vendors, potential shortages within certain product categories could be offset. See Fig. 17 For example, the company's broad customer base made it possible to more than compensate for the decline in demand in the retail segment with an increase in etail.

3.1 Securing the supply chain

In view of impending trade wars, we had already started years ago to regionally diversify the supply chain, and thus also the countries where products are manufactured, as much as possible. This strategy of a globally balanced distribution of manufacturers has proved its worth in the current situation.

Early in January, we held talks with manufacturers of a wide range of product categories worldwide in order to identify possible effects on the supply chain. Based on our business intelligence system, we were able to determine very precisely how the individual product categories were developing, weight orders accordingly, and thereby ensure the availability of all required goods.

Of course, it is also a matter of maintaining delivery capacity. The above-mentioned safety measures for the employees at the warehouses were an important prerequisite for this, and proved very successful throughout the year. Furthermore, a centrally managed exchange between the national organizations was coordinated in order to offset any shortages across the organization as a whole. All of these measures combined, along with the expert advice of our employees, ensured that our resellers could always be supplied with goods.

3.2 Implementation of the MORE strategy

ALSO has laid a solid foundation for sustainable development: the MORE strategy, the development of different business models and of the ecosystem, the sustainable building of our digital infrastructure with ERP harmonization (SAP), business intelligence, digital customer relationship management (CRM), the e-commerce platform, the cloud, etc. This foundation that has evolved over time and that we continuously optimize further, adding new functions and supplementary components, cannot be copied in the short or medium term. It formed the basis for a fast and flexible harmonized approach across 23 countries and three business models in 2020.

Based on the MORE strategy, ALSO set about several activities for developing the company in 2020:

- When expanding cooperation with vendors, attention was paid to achieving a global balance with manufacturers from different regions so as to be armed against a potential intensification of trade conflicts.
- The ERP system integration was completed in Poland in January already, followed by companies in Romania, the Czech Republic, Slovakia, Hungary, and Bulgaria. These integrations, which took place entirely virtually in some cases over the remainder of the year, were also key to the successful establishment and expansion of business in the individual countries and to the management of the virtual organization.
- The international expansion of the Solutions business model was advanced vigorously. At the same time, the range of solutions was expanded significantly, as the New Normal brought about a surge in demand for IT landscapes for remote work and home schooling as well as the emergence of new IoT and (cyber)security solutions.
- One acquisition was completed in 2020, and several more were or are currently being reviewed. The supply of potential acquisition candidates has not diminished during the pandemic, but the processes are more complex and the risk structure has changed. Country risks and economic risks are more difficult to assess. There was also increased uncertainty on the seller side with regard to the transaction itself as well as the alignment of the companies to be acquired and the utilization of government support. Along with these uncertainties, the length of the process also increased: Due to the lockdown, we could only operate remotely and it became increasingly complex to review legal aspects. We expect to be able to complete some of our ongoing projects in 2021.
- Several new vendors, including well-known brands like Adobe and Dropbox, have been added to the ALSO Cloud Marketplace. Now numbering more than 100, the providers open up additional opportunities for monetizing workstations. The management and business intelligence applications for customers were also enhanced further. Additional vendors were gained for the cybersecurity platform, too.
- A number of new IoT products were launched, from Workplace+, an application for the measurement of air quality and remote space and energy management, to Dolly+, ALSO's smart and secure trolley, and the ALSO Asset Tracking Solution, to mention just a few. With the AI platform, the product range was expanded by a future-oriented field.
- Preparations for ALSO Cloud Spain were completed, paving the way for further expansion in Southern Europe.

3.3 Development of the virtual organization

The development of suitable measures for managing the virtual organization was vital to the company's success in 2020. Over several years, we had been pressing forward with the roll-out of IT systems (ERP, BI, CRM) and the harmonization of all processes and operating procedures. On this basis, we were able to virtualize the majority of teams very quickly and in a uniform manner internationally.

Before the start of remote working, a uniform communication structure was established throughout the whole organization. The focus was subsequently on the development of an in-house virtual management method. This covers all elements of the control and management of the organization, such as target development, employee management, meeting culture, key figure and performance monitoring, and feedback. This method was rolled out in a circular manner throughout the organization and continually reviewed critically and readjusted.

Based on a core team, rules for cooperation were developed, as well as suggestions for supporting employees who were working from home. The measures ranged from specifications for the number of virtual meetings and how to hold them, to the structure of the workday and prioritization of tasks, to the design of the workstation.

We consider it very likely that the New Normal that we have been practically forced to adopt due to the pandemic, and thus also the potential risk, will last many more months or even years. However, we also know that with the New Management Style and the new working and management methods, we have created tools to ensure that the performance of the virtual company is in no way inferior to that of our physical organization.

4. Structural optimization

The harmonization achieved in the IT systems with ERP, BI, CRM, and the integration of the ALSO webshop as an interface with customers forms the basis for continuously making administrative tasks more efficient while also optimizing the digital recording and processing of orders as well as customer service. In addition, the introduction of Group-wide centers of competence in many areas of the company resulted in efficiency gains. By combining a uniform IT structure with the centers of competence, processes can ultimately be harmonized further.

Over the course of the year, several innovations were launched to further automate and optimize processes, for example with AI-supported projects in invoice processing. At the same time, national sales organizations were strengthened further, the webshop was continuously optimized to make it even easier and more secure to use, and expertise in the field of digital platforms in particular was developed and expanded, for example by launching the artificial intelligence platform and by founding ALSO Cloud Spain. The company used these measures to streamline its processes further, strengthen its customer focus, and simultaneously reduce costs.

The original target of the structural optimization project, which ran until 2019, was to achieve savings of 25 to 30 million euros per full year from 2020 onward. By 2019, it was already clear that the effect would be significantly higher. The full-year effect in 2020 as compared to 2017 amounted to 60 million euros. As of the end of 2020, ALSO had 4 316 employees.

One goal of any structural optimization is to improve overall productivity. This has to be measured using annual average full-time equivalents. In 2020, ALSO employed an annual average of 4 081 full-time equivalents. The ALSO Group's productivity thus increased further after the completion of the structural optimization project. ALSO will keep working on further individual measures to improve productivity on an ongoing basis in the future, too.

Productivity

EUR 1 000	2020	2019	2018	2017	2016
Net sales/FTEs	2 916	2 706	2 475	2 346	2 266
EBITDA/FTEs	55.7	49.8	41.2	41.5	41.4

NEW NORMAL: BUSINESS DEVELOPMENT

1. Performance of the ALSO Group

With growth of 11.3 percent in net sales to 11.9 billion euros, ALSO significantly outperformed the ICT market (+6.6 percent) in the countries where it operates.

Overall, EBITDA of 227.5 million euros was generated. EBITDA thus climbed by 30.8 million euros year-on-year (+15.7 percent) in fiscal year 2020. Net profit improved by 29.6 percent to 130.0 million euros (previous year: 100.3 million euros). ALSO exceeded the targets set for 2020. As a result of the good cash flow development, ALSO increased its cash holdings by another 38.3 percent to 483.2 million euros (previous year: 349.5 million euros). This led to an improvement in net financial debt on a like-for-like basis, i.e. before the effects of IFRS 16. These were reduced from 33.7 million euros to –143.2 million euros.

2. Development of the business models

2.1 Supply

In the Supply area, net sales were up 11.8 percent at 8.4 billion euros. Particularly in countries where we did not previously have a dominant market position, such as Poland, Sweden, and the Netherlands, net sales were increased significantly in some cases. The development of new countries such as Bulgaria was also very satisfactory.

The acquisition of new customers and the associated broad customer base also contributed to growth. A third factor was growth in relation to vendors and product categories. This particularly applied to Eastern European countries, where we expanded our collaboration with manufacturers such as HP Inc. significantly in some cases.

In addition to net sales, earnings were also increased. This was primarily attributable to the measures taken for structural optimization, which we are still advancing systematically.

2.2 Solutions

Due to the strong recommendation by medical experts and the respective national governments, many companies gave their employees the option to work remotely. We accordingly registered a substantial increase in demand for home working solutions. These comprise various different components that need to work together to allow work to run smoothly: laptops, mobile thin clients, and accessories such as wireless solutions for the keyboard and mouse and cameras.

Given that advice for our customers and particularly end customers in this case focuses on the solution rather than the individual product, these components (B2B items, not including sales in the retail/etail segment) were reclassified from the Supply business segment to the Solutions business segment in 2020. In the interests of comparability, for 2019 we also report the net sales distribution within the three business models that would have arisen had the reclassification taken place in 2019 already.

In billion euro	2020	2019	Change
Net sales	11.9	10.7	11.3 %
thereof Supply	8.4	7.6	11.8 %
thereof Solutions	3.0	2.7	8.9 %
thereof Service	0.5	0.4	17.1 %

As a result of very high demand and the good availability of home working solutions at ALSO due to its forward-looking order strategy, the Solutions area developed positively. This more than compensated for the weaker development of server products, which was likewise attributable to the pandemic.

2.3 Service

Even before the launch of the cloud, ALSO sold components for IT workstations in transactional business. When the cloud was launched, this resulted in better insight into the equipment for an individual IT workstation. This requires various software, hardware, and services, and almost every one is equipped with Microsoft products. As a result, the number of Office 365 licenses was a very good approximation of the monetization potential. We therefore introduced the terminology of the “seat” on this basis. Several IT companies have since adopted the term “seat”, using various calculation methods.

Due to COVID-19, a number of software manufacturers have significantly expanded their product ranges. In addition, new trial licenses and free licenses were offered in order to support users with remote communication and speed up the transformation to the cloud. For this reason, the validity of our definition and our method for measuring and managing the monetization potential of business has decreased. A new key figure is therefore needed, that of the "unique user", which is being introduced with the current annual report. To allow comparison with the previous year, we are reporting on the basis of seats for 2020 for the last time.

in million	2020	2019	2018	2017	
Paid seats	**7.4**	**3.8**	**2.3**	**1.3**	**+94.7 %**
ALSO	4.4	1.9	1.3	0.8	+131.6 %
PAAS	3.0	1.9	1.0	0.5	+57.9 %

The paid "unique user" (UU) represents the workstation of a user that includes one or more paid cloud services, software, hardware, and IT service subscriptions and is administered by the ALSO Cloud Marketplace (ACMP). It is determined by comparing information on the licenses purchased/allocated/activated/used against the allocated subscriptions booked on the platform.

	2020	2019	
Paid UU (in million)	**3.9**	**3.0**	**+31.7 %**
ALSO	2.3	1.8	+27.6 %
PAAS	1.6	1.2	+37.9 %
Revenue ALSO (in million euro)	**300**	**217**	**+38.2 %**

In the interests of comparability, we also carried out the measurement for 2019. As growth in Microsoft licenses is still very high, the weighting of the monetization effect from other components remains relatively low.

Overall, we expect the market volume for IT workstations in the B2B segment in the countries where ALSO operates to come to around 300 billion euros in 2025. We estimate the potential for unique users at around 150 million (around 100 million B2B/workers and around 50 million private users, especially school pupils and students).

Costs per workstation vary significantly depending on the sector, region, and size of the company. For example, the average costs for a Western European SMB workstation come to approximately 5 000 euros for software, hardware, services, and internal costs. The associated addressable potential for ALSO comes to around 1 200 euros.

The other service areas showed a slight decline due to the decrease in marketing services. This was partly offset by the virtual trade fairs offered.

3. Optimization of capital employed

One focus of activities again in 2020 was the optimization of capital employed. ALSO's business model requires only limited use of fixed assets. Capital employed is therefore dominated by current net working capital (NWC) and this is what optimization measures focus on. NWC is driven firstly by the efficiency of capital employed with regard to receivables, liabilities, and inventories, and secondly by growth in net sales. Growth in the Supply and Solutions business models generally leads to an increased need for NWC.

To measure capital employed from NWC, ALSO uses the key figures of days inventory outstanding (DIO), days sales outstanding (DSO) and days payables outstanding (DPO) or cash days to be financed by ALSO, which is the net amount of DIO+DSO-DPO. To manage NWC, key figures for each vendor, reseller, and product category can be called up online at any time (BI). Capital employed is analyzed in relation to the EBITDA generated. This provides a good indicator of the ROCE and reveals any need for action here.

ALSO's potential to optimize NWC varies depending on the key figure. The payment terms agreed with vendors and resellers are an important factor. These are generally fixed on a longer-term basis. Improvements have to be achieved by negotiating the framework conditions, or on a short-term basis for individual projects. For inventories, the challenge lies in finding the right mix of availability and minimized coverage. The mix of vendors and resellers and the optimization of scheduling are key drivers in this process.

Measures to optimize NWC should always be evaluated in the context of the value proposition that ALSO makes for resellers and vendors. For vendors, full availability of the products in the regional markets must always be ensured. In view of the impact of COVID-19 on supply chains in 2020 and closures of retail stores, this requires an even closer analysis of the anticipated requirements and the manufacturers' availabilities and delivery times. Resellers need support with financing their NWC. In the B2B segment in particular, resellers must grant payment terms. We provide support here with appropriate payment terms for the resellers. Throughout 2020, we maintained very close dialog with them and supported them in a variety of ways from March onward. See Section 2.1

In view of the general conditions, the optimization of inventories in particular was very successful in 2020. However, year-end inventories were also affected by supply shortages for some product categories. In January 2021, the supply bottlenecks have been reduced and demand could be met for the most part. Based on the optimization achieved in 2020, DIO in particular was significantly improved year-on-year, specifically by 7 days to 18 days. The ratio of inventories to net sales thus improved from 8.6 percent to 6.1 percent. Combined with the cash flow generated in 2020, net financial debt thus improved on a like-for-like basis, i.e. before the effects of IFRS 16, from 33.7 million euros to –143.2 million euros.

4. Investments and acquisitions

4.1 Investments

Investments in property, plant and equipment and intangible assets amounted to around 11.7 million euros in 2020 (previous year: 11.5 million euros), all of which had an impact on the Group's cash flow.

The additions to property, plant and equipment mainly relate to office and operating equipment. In Denmark, investments were made in new offices, while in Switzerland warehouses were optimized. Funds were also used for IT leased to customers in the context of Infrastructure-as-a-Service, e.g. for managed print solutions, and for the company's own IT infrastructure. In addition, investments were made in the internally developed smart and secure trolley "Dolly+".

The additions to intangible assets chiefly relate to investments in digital platforms, including further development of the ALSO Cloud Marketplace and the streaming and virtualization platform Ludium. The company also invested in expanding the functions of the webshop and in harmonizing and further developing the ERP systems (SAP and Navision).

Investments and acquisitions in brief

EUR 1 000	2020	2019	2018	2017	2016
Investments in property, plant and equipment and intangible assets	**11 682**	**11 479**	**14 180**	**15 534**	**13 351**
Thereof in land and buildings	552	250	562	148	291
Thereof in warehouse equipment	694	997	4 273	1 972	3 218
Thereof in other property, plant and equipment	5 558	6 319	5 916	9 012	4 014
Thereof in intangible assets	4 878	3 913	3 429	4 402	5 828
Investments in leasing contracts	**9 567**	**8 598**			
Investments as a percentage of EBITDA	9.3 %	10.2 %	9.3 %	9.9 %	9.2 %
Acquisitions	**2 293**	**57 367**	**14 623**	**9 734**	**3 676**
Dicom	2 293				
Total investments and acquisitions	**23 542**	**77 444**	**28 803**	**25 268**	**17 027**

In 2020, ALSO made investments of around 9.6 million euros with lease financing from extensions of leases for warehouses (in France and the Netherlands) and office buildings (in Finland and Sweden). These investments did not impact the Group's cash flow.

4.2 Acquisitions

The funds used for acquisitions amounted to around 2.3 million euros in 2020 (previous year: 57.4 million euros) and related to the purchase price payment for dicom Computer-Vertriebsges.m.b.H. For ALSO, the acquisition of dicom results in access to interesting new customer groups, chiefly in the B2B and public sectors. In addition, dicom's expertise will be an important component in ALSO's solutions portfolio for resellers. The company sees a growing trend toward cloud-based and hybrid solutions in the data center sector. The dicom team's knowledge of designing and installing IT infrastructure is therefore to be used to expand the supply in this area rapidly.

ALSO is still striving to support the ambitious growth targets with value-adding acquisitions. The focus is on acquisitions that enable ALSO to strengthen its Solution and Service activities in addition to its traditional business and that can be scaled up based on the ALSO Group, as well as on acquisitions on European growth markets to expand the ALSO platform. Options on developed European markets where ALSO is not represented are being considered to expand its regional coverage, too.

5. Track record integrations

Since 2011, we have carried out a total of 21 acquisitions in 18 European countries and successfully integrated all of the companies acquired. In countries where we had a strong or dominant market position, the focus was on supplementing our portfolio in the Solutions and Service business areas. In the service area, it was mainly about digital platforms, which we can scale and develop within our ecosystem. In countries where we did not have a dominant position or were not represented at all yet, we concentrated on acquiring ecosystems. In addition to legal and economic stability, we always analyze the (development) potential of the respective IT market and the target company as well as possible synergy effects before acquiring companies in new countries.

Acquisitions by business segment Fig. 16

	Supply	Solutions	Service
2020		IT infrastructure; AT	
2019	IT; HR IT; PL, CZ, SK, HU, LT, RO	IT und IT infrastructure; BG	IoT; BE
2018	IT und IT infrastructure; SI	IT infrastructure; FR	Vendor service; UA, BY, LT
2017	IT; BE, NL	IT infrastructure; FR IT infrastructure; FI	
2016			Circular economy; CH
2015	IT; PL		
2014	IT; NL		Cloud; FI Logistics services; DE
2013			POSA, ESD; NL Circular economy and IT services; DE
2012		Presentation technology; DE	Managed services; CH
2011			Managed services; DE

After the respective acquisition was closed, all companies were integrated in the existing ecosystem quickly, effectively, and efficiently. First step is the incorporation in ALSO's existing management systems: starting with the ERP system (SAP, Navision and others), and also including Business Intelligence and CRM. Operational excellence is developed at the acquired companies on the basis of the harmonized systems: transformation, integration of the HR organization, process harmonization, NWC optimization, link to the Centers of Competence. The success of integration is also reflected in the fact that several of the founders of companies that were acquired by ALSO are still managing these companies today or hold other positions in the company.

This rapid, systematic harmonization, the development of the acquired companies and the now very high scalability is only possible thanks to ALSO's profound knowledge and experience gained in 21 integrations over the last ten years. The SVP Merger & Acquisition coordinates an excellently trained team consisting of operational experts from logistics to IT and finance to HR. Today, this team is even able to carry out the introduction of the management systems as well as the necessary process harmonization completely virtually.

Overall, ALSO increased its revenue by 5.6 billion euros from 6.3 billion euros in 2012 to 11.9 billion euros in 2020, with acquisitions contributing 3.0 billion euros (about 25 percent) to this increase.

Status of integration of the acquired companies

	Systems			Platforms				Process harmonization		
	ERP	BI	CRM	Webshop	ACMP	IoT	Virtualization	Automatization	CoC	NWC
Managed services; DE	✔	✔	✔	O	O	O	✔	✔	✔	✔
Presentation technology; DE	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Managed services; CH	✔	✔	✔	O	O	O	✔	✔	✔	✔
POSA und ESD; NL	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Circular economy and IT services; DE	✔	✔	✔	O	O	O	O	✔	✔	✔
Cloud; FI	✔	O	O	O	O	O	O	✔	✔	O
IT; NL	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Logistics services; DE	✔	✔	✔	✔	O	O	O	O	O	O
IT; PL	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Circular economy; CH	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT infrastructure; FR	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT infrastructure; FI	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT; BE, NL	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT infrastructure; FR	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT & IT infrastructure; SI	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Vendor service; UA, BY, LT	✔	✔	WIP 1)	O	O	O	O	✔	✔	✔
IT; HR	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IoT; BE	✔	O	O	✔	O	O	O	✔	✔	WIP 1)
IT; PL, CZ, SK, HU, LT, RO	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT & IT infrastructure; BG	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
IT infrastructure; AT	WIP 1)	WIP 1)	WIP 1)	WIP 1)	WIP 1)	WIP 1)	WIP 1)	✔	✔	✔

1) Work in progress
O not relevant

NEXT NORMAL 2021++

1. General conditions

The economic prospects will still be influenced to a large extent by the future development of infections. According to the OECD forecast, the global economy will recover slowly in 2021 with growth of 4.2 percent, while the IMF anticipates a more optimistic 5.2 percent. We currently expect that the New Normal – the pandemic phase – will continue for at least the next year. This New Normal will be characterized by:

- virtual communication and collaboration
- ecosystems
- digital platforms

IT is the key technology for implementing agile virtual companies with staff who work remotely and flexibly. This development is driven by ecosystems, innovations, and platforms.

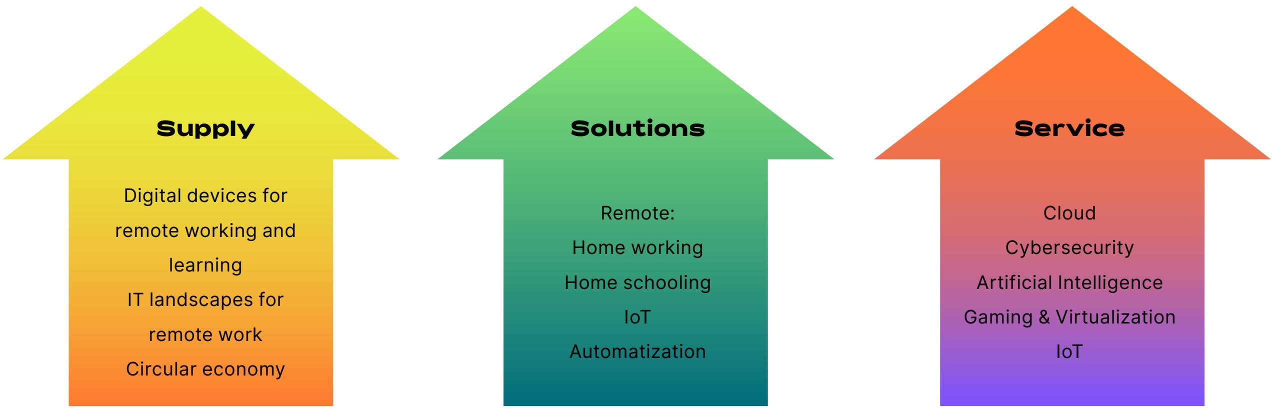
The post-pandemic phase, which we do not expect until 2022, will not mean a return to the old normality, but rather a “Next Normal” will develop. The key driving factors will be the “3e” mentioned in the preface to this report:

- *Economical:* Why should companies and employees rent expensive office space and housing in a city, when the majority of work can be performed virtually and remotely? Why have a large number of business trips? During the New Normal, we have all learned to work remotely and recognized the advantages this brings.
- *Emotional:* Spending more time with family and friends, and being more responsible with one another and with our resources, is one of these advantages. Avoiding long commutes in rush-hour traffic or overcrowded public transport improves our quality of life while also benefiting the environment. And why not live in the country with more space and lower prices than in the city?
- *Ecological:* The targets of the Paris Climate Agreement are both appropriate and ambitious. In order to achieve them, we as a society must hold on to many things that have been successfully tested during the pandemic. Working from home reduces commuter traffic as well as business trips. Virtual meetings and conferences result in a significant reduction in CO_2 emissions.

The future will be characterized by dynamic ecosystems, flexible collaboration within and outside companies, and agile management structures.

- **Remote:** Digital always, mobile and remote first
- **Automated:** Efficient, fast, and transparent
- **Secure:** Scalable, flexible, and reliable
- **Sustainable:** Profitable, resource-efficient, and responsible

Drivers of the Next Normal Fig. 17



2. Outlook for ALSO

In this environment, ALSO will press ahead with the development of the business models with the ALSO ecosystem in line with the MORE strategy and continuously optimize these using the five key drivers. Based on its demonstrated ability to adapt and implement, the company will focus on the following topics.

Gaining and expanding market share and entering new markets

Expansion of market share in our traditional business in countries where we do not have a dominant position. Our success in countries such as Austria and France will serve as a blueprint for additional countries. There will be a continued focus on Eastern Europe, where we will gain increasing relevance with additional vendors such as HP Inc. and speed up significantly with the establishment of local warehouses, for example in Romania and Hungary. However, we will also expand to new countries in Southern Europe. The start of operations at ALSO Cloud Spain was a first step here.

Business models

Supply: Our work will continue to focus on the maintenance and strengthening of business through continuous, market-driven adjustment of product categories and the addition of new vendors, targeted further development of the webshop, and further expansion of our customer base. We anticipate continued strong demand in product categories such as routers, laptops and peripherals, as well as digital platforms.

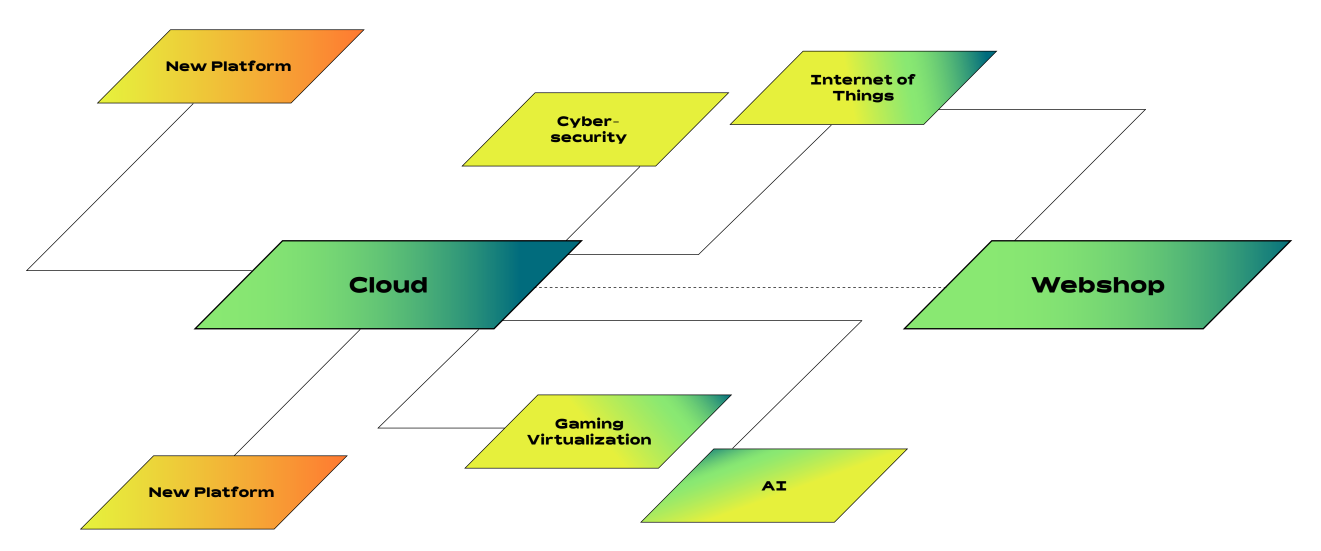
Solutions: Pressing ahead with the international establishment and expansion. Supporting advice and project management with resellers in the design and implementation of complex IT projects and the expansion of remote workstations and environments. Advice on and sale of products arising from new platforms and technologies, such as the IoT and 3D printing, whether for home working or home schooling. Through collaboration with renowned companies such as BASF and AMT, we can market excellent printers fitted with the best materials in an end-to-end process. The development of a number of marketable IoT products for resellers contributes directly to the “remote first” requirement and ranges from solutions for virtuals such as logistics to virtual facility management.

Service: Facilitating digitalization, especially for small and medium-sized businesses. Migrations to the cloud will continue to increase. The number of users of consumptional business offerings will continue to rise sharply due to the lower entry costs. At the same time, this gives us the opportunity for further monetization with areas such as cybersecurity, document management, etc., as well as offers for verticals. For example, the combination of Adobe VIP Marketplace, the project management tool Wrike, and Dropbox represents a compelling offer for the creative industry.

As a technology provider, ALSO has excellent knowledge of the market, the necessary expertise, and the right ecosystem to bring

Digital Platforms

Fig. 18



applications in the field of new platforms onto the market through our resellers. One of example is **cybersecurity:** ALSO has systematically incorporated additional market leaders in the ALSO Cloud Marketplace portfolio. DigiCert, a leading TLS/SSL security provider; VadeSecure with its AI-based e-mail security solution; CYE, an innovative, globally operating cybersecurity solution provider; and other manufacturers enable resellers to create an comprehensive cybersecurity network for their customers.

In 2021, the **Internet of Things** will undergo a boost in development away from the Lego principle of individually assembled single applications and toward the Ikea principle of prefabricated bundles for a wide range of applications. ALSO will develop solutions for remote management in particular and system offers for various verticals.

In the field of **artificial intelligence**, ALSO will set up a special partner program for system vendors and resellers. AI is fundamental for the growing field of automation in particular. The fastest-growing use cases include automated HR tasks, IT automation, and pharmaceutical research. In manufacturing and in administrative procedures, AI combined with robotic process automation (RPA) can fundamentally change processes, especially when it comes to performing repetitive, time-consuming, or particularly error-prone tasks.

Gaming is one of the interesting markets of the future, and remote gaming is its biggest segment. Telecommunications companies are therefore an important target group which ALSO addresses with SoraStream, the online gaming product developed with the Spanish virtualization expert Ludium. However, the application options go beyond just gaming applications. Gaming means **virtualization**, and the market for commercial virtualization applications ranges from 3D printing to digital twins for production.

The scalability of these business sectors is opening doors to more new areas for the company and thus also driving the growth of ALSO's business models.

Acquisitions

The primary goals are to expand our market share in regions where we are not yet represented and to strengthen our technological expertise. Acquisitions are financed with our own funds as far as possible. In addition to continuous NWC optimization, the revolving credit facility still gives us leeway for opportunities that arise.

Operational excellence

Integration: The track record continues with the virtual integration of the organizations in Croatia and Slovenia into the uniform Group-wide platforms for ERP, BI, CRM, Webshop and Cloud, as well as into the Centers of Competence. This will be an important component in further increasing the company's profitability.

Management: With the development of the new method for virtual management of the company, we have laid the foundations for managing ALSO in an internationally harmonized way and on the basis of clear guidelines in 2021 and for continuously monitoring its development. We thereby enable the company to remain effective and focused under remote conditions, too.

Automation: Process automation using artificial intelligence (robotic process automation) will play a growing role in the optimization of operating processes. This goes hand in hand with the growing development of our artificial intelligence platform.

MORE-Strategie 2021++

Maintain	Existing business
Optimize	Gaining market shares; growth Solutions and Service
Reinvent	Rollout of platforms for IoT, cybersecurity, AI, streaming, and new platforms
Enhance	Acquisitions and new technologies

Guidance: Based on the implemented structural optimization, further optimization of net working capital, and the integration of the acquisitions already implemented and of any additional acquisitions, ALSO expects an improvement in EBITDA to between 240 and 255 million euros in 2021, with a ROCE of 15 to 20 percent.

New technologies constantly offer new opportunities for our business. In combination with the velocity of response and strength of implementation of the employees we see excellent potential for growth. Taking into account possible acquisitions, the ALSO Group has therefore defined a target range of 280 to 350 million euros for EBITDA in the medium term. The expectation for ROCE is above 20 percent in the case of purely organic growth and above 15 percent in the case of acquisitions.

RISK MANAGEMENT

1. Organization and process

The Board of Directors appoints an Audit Committee that is generally made up of three non-executive members of the Board of Directors. It manages and reviews internal and external auditing and assesses the risks identified and the measures taken for risk management purposes.

At ALSO, the organization of the risk management is the responsibility of Internal Audit. The principles of the risk management system are defined in the risk management manual of the ALSO Group. Risks are identified on the basis of analytical studies or by way of reports.

A defined group of risk officers (e.g. Group Management, Senior Vice Presidents, Chief Customer Officers, Center of Competence Heads, employees with functional responsibility) identify and assess risks and report them to Internal Audit. Employees can also report identified risks to Internal Audit.

To identify risks, Internal Audit uses modern technology-based tools for analytical studies, which increase objectivity, effectiveness, and efficiency:

- **Data analytics:** Data analytics in individual internal audits and also in the context of continuous auditing activity. The data analyses are programmed by the Internal Audit department itself, specifically in relation to high-risk issues. Here, Internal Audit greatly benefits from a harmonized ERP system with which Group-wide analyses and examinations are implemented.
- **Process mining:** Identification and analysis of actual processes on the basis of digital data. A standard tool is used for this.
- **Robotic process automation:** Automation of audit activities and support with repetitive tasks.

Internal Audit prepares an annual report for the Audit Committee that contains a summary of the individual risks, and also provides information at short notice when necessary. The Board of Directors is also informed about the risk structure on an annual basis.

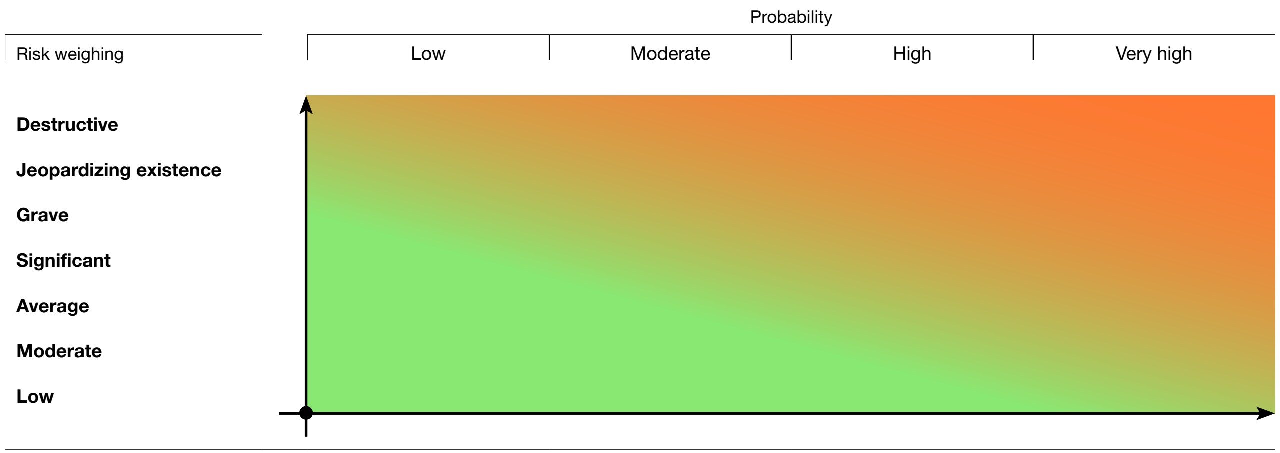
The individual risks are assessed in terms of their possible effect on profits or liquidity (low to destructive) and their probability of occurrence (low to very high). The classification of the possible effect is determined as a function of the consolidated net profit of the ALSO Group, and an annual review is carried out to assess whether it is necessary to revise the classification. Based on the possible effect as well as the probability of occurrence, the risks are broken down into the categories of low, medium, high, and very high.

2. External risks

2.1 Pandemic

The outbreak of a global pandemic may affect ALSO at various points along the value chain. On the vendor side, the availability of hardware may be temporarily impaired if key manufacturers have to reduce their production capacity or if the transportation of

Exemplary representation of the risk assessment method Fig. 19



goods to ALSO countries is made impossible or delayed. On the basis of responsive analytics systems, ALSO can identify potential inventory shortages in good time and thus react by placing advance orders with the respective manufacturers at an early stage. ALSO is also able to offer resellers alternative products in the event if bottlenecks as part of the vendor mix key driver.

On the reseller side, there may be a decline in demand in individual customer and product categories, caused by a slowdown of the global economy or by individual measures taken by certain countries. Thanks to its diversified ecosystem, ALSO is able to compensate for pandemic-related shifts in some customer and product categories with positive developments in others.

ALSO's operating processes could also be jeopardized by the absence of a large number of employees, which could impact ALSO's delivery capacity. To enable it to maintain operational business activities, ALSO implements centrally managed and locally implemented protection concepts. These include measures to combat the pandemic such as additional hygiene precautions, shift systems in the warehouses, working from home, and support from external specialists.

2.2 Trade wars

Political developments in recent years have resulted in potential risks in relationships with vendors. Increased protectionist and nationalist tendencies could lead to tensions in business relationships with them. In recent years, ALSO has selectively expanded its portfolio of vendors in order to reduce such risks. The tariff disputes between the USA and China resulting from nationalist developments could also be an opportunity for European IT companies.

The long-term relationship between the United Kingdom and the EU was regulated by way of a general agreement on a trade and cooperation deal that was signed just before the end of the transition period. However, the consequences of Brexit both for the capital market and the future development of London as a stock exchange center and also for the strength of the euro and the euro area are difficult to predict. In any event, the United Kingdom will remain an important market.

2.3 Cyberattacks

Cyberattacks are malicious attacks on computers, servers, mobile devices, electronic systems, networks, and data. Targeted attacks (espionage, sabotage, phishing) or attacks on critical infrastructure could have serious consequences for ALSO. The Cybersecurity department therefore conducts regular information security risks assessments and penetration tests of the business-critical IT systems and processes and also reports on these to the Board of Directors on a monthly basis. The risks are systematically mitigated using controls and code of practices defined in ISO 27001/ ISO 27002 standards. New technologies deployed to increase protection level. Business critical IT systems have backup and recovery plan in place with recovery time and recovery point objectives.

3. Treasury risks

3.1 Risk related to deposits

ALSO is exposed to a default risk arising from its financing activities. In the financial area, ALSO manages the resulting risk position by the diversification of financial institutions and by verification of the financial strength of each counterparty based on publicly available ratings, as well as on publicly available ad-hoc information from the financial institutions. As a result, ALSO is generally able to keep the credit risks to a minimum. Some larger receivables from financial institutions arise in particular in the factoring area. No losses on receivables have occurred during the long-standing business relationships with the factoring companies. The risk of loss on receivables from factoring partners is not insured with credit insurances. The default risk of loss is minimized by ALSO through regular evaluation of the factoring partners.

3.2 Interest rate risks

ALSO's interest rate risks relate mainly to current financial liabilities with variable interest rates. Interest rate fluctuations cause changes in the interest income and expense of the interest-bearing assets and liabilities. ALSO is particularly exposed to interest rate risks in euros, Swiss francs, Danish kroner and Polish zloty. The interest rate management is handled centrally. Short-term interest rate risks are partially hedged, a material part of interest bearing-liabilities hence remaining exposed to interest rate fluctuations. Taking into account the existing and planned debt structure, interest derivatives are used if necessary to meet the bandwidths recommended by central Group treasury and prescribed by management. Since ALSO uses fixed as well as variable interest-bearing instruments, interest risks may result from an increase as well as a decrease in market interest rates.

3.3 Exchange rate risks

A material part of the cash flows of the operational companies occurs in currencies which are not the functional currencies of those subsidiaries. ALSO is therefore exposed to foreign currency risks. ALSO aims to keep the impact of exchange rate fluctuations on its earnings neutral through the process of buying and selling items. Foreign currency risks are only hedged if they affect the cash flow of the Group. Exchange rate risks that arise in the consolidated financial statements through the translation of income statement and statements of financial position of subsidiaries are not hedged. In the purchasing area at foreign subsidiaries, a certain amount is conducted in foreign currencies, especially euros (where it is not the functional currency) and in US dollars. To hedge this exchange rate risk, Central Treasury hedges the purchasing volumes of the operating companies outside their functional currency. Group-internal loans between subsidiaries with different functional currencies give rise to foreign currency risks. ALSO hedges most of these risks. Speculative borrowing or lending in foreign currencies is not permitted. Transaction-related foreign currency risks are also monitored and the corresponding net exposures in the various currencies are calculated. By regular use of forward contracts, ALSO constantly reduces the exchange rate risk.

4. Internal risks

4.1 Vendors

ALSO works with the major vendors of hardware and software especially in the Supply business field. This results in concentration risks and dependencies. The company counters these with active market share management as part of the provider mix key driver. On the ICT market, product innovations are constantly monitored so that the company can get involved in fields with high potential at an early stage.

Large receivables from vendors regularly arise as a result of various programs designed to support sales promotion activities (including marketing programs, bonuses, sales discounts, price protection, for example). Complete documentation of the basis of claim is required at all times in order to enforce these claims. ALSO counters the risk with a permanent and efficient process organization for the relevant business transactions.

4.2 Resellers

On the buyer side, risks can arise from the dependence on several large customers. In 2020, net sales with the largest individual customer totaled 1 371 million euros. By carrying out measures continuously in the area of SMB customers, diversification increases the number of customers and thus reduces the risks.

In its operating business, ALSO is exposed to default risks in customer receivables. A credit check is performed on the customer as early as the quotation phase in order to limit the risk of losses on receivables. Default risks are additionally limited by active receivables management. Active customer monitoring, balance sheet analyses, disclosures, insurance rating, and factoring programs are some of the important measures carried out here. A considerable proportion of the receivables are hedged by commercial credit insurance.

4.3 Information technology

Information security, IT availability and performance are key prerequisites for successful entrepreneurial activity. IT systems are constantly being monitored and optimized. Hybrid Cloud IT architecture enables fast provisioning of IT capacity to meet new demands.

4.4 Logistics and storage

The business model of ALSO depends to a high degree on the availability of efficient, discrete logistics structures, the security of the stock on hand, and high-performance and cost-effective external logistics partners. The logistics structures are vulnerable to traditional risks of failure, such as fire, flood and theft, as well as risks that prices for transport and the rent for warehouse facilities will change. There are also risks associated with the competitiveness of our logistics structures.

The inventory held by ALSO is subject to depreciation risks as a result of the relatively short product lifecycles of IT products. ALSO counters this risk through dedicated, demand-based scheduling of the inventory with the aim of generating higher availability and corresponding inventory turnover times as well as through appropriate rights contained in the agreements with vendors (price protection, stock protection, or stock rotation). With monthly reports and BI reports available online at all times, those involved have transparent and detailed information on the age structure and value of inventories for each product category, manufacturer, and SKU (stock-keeping unit).

4.5 Personnel

The further development of ALSO depends materially on the knowledge and dedication of its employees. ALSO concerns itself with personnel risks and works with systematic staff planning and qualification in order to deploy, promote and retain employees in line with their abilities. Furthermore, active monitoring of employee satisfaction is carried out. The development of our personnel and managers is an important condition for proactively and reliably ensuring our human resources capacities. Despite all our efforts, a shortage of specialists remains a challenge. The in-house possibilities for professional development will therefore continue to be strengthened in order to train our own personnel optimally in the medium and long term and thus counteract the skills shortage. Bottlenecks in the recruitment of appropriately certified employees exist in particular in the Group companies focusing on the Solutions business field. To reach a wide range of new potential employees, specialized recruiters seek out suitable talented candidates for ALSO's growth areas on the international job market based on uniform sets of requirements. Social media instruments are also used for recruitment purposes.

4.6 Legal

As a Group with international operations, ALSO has to comply with numerous legal and fiscal regulations as well as regulations under antitrust and patent law. The large number of relevant provisions at the local and international levels and their increasing complexity increase the risk that ALSO may incur significant legal and economic risks, such as fines and claims for compensation, in the event that it fails to comply with them. Identified legal risks are reported in the context of risk management.

Current and impending legal disputes are continuously identified, analyzed, and evaluated in terms of their legal and financial effects and taken into appropriate consideration in the ongoing risk management process.

4.7 Compliance

Legal and ethical conduct of the employees in day-to-day business is ensured by way of a compliance management system. This establishes binding compliance regulations for the entire ALSO Group, helps prevent violations, monitors compliance, and sanctions violations.

The central document is the Code of Conduct, which is binding for all employees and managers at all levels of the Group. For the highest-risk compliance issues, there are Group guidelines based on the Code of Conduct that specifically regulate the issue in detail and in relation to typical matters in the ALSO Group's business as a technology provider. This particularly includes topics such as antitrust and competition law, dealing with gifts and invitations, and avoiding conflicts of interest.

The Compliance organization is headed by the Group Compliance Officer, who reports directly to the Audit Committee. He is assisted by four Regional Compliance Officers, who in turn coordinate the work of the Local Compliance Officers in each national organization. A Compliance Ombudsman is also available as an independent external contact for employees and third parties to report violations of the ALSO Code of Conduct, particularly criminal offenses or anticompetitive agreements. The Ombudsman also carries out spot checks of compliance at ALSO's national companies. As a lawyer, the Ombudsman has a professional duty of confidentiality and follows up tip-offs anonymously if desired. Before an acquisition, the Ombudsman checks that the respective company's conduct is compliant.

The compliance management program includes comprehensive training for all employees. It starts with uniform basic training throughout the Group for all new employees who join ALSO. This training is based on ALSO's typical business requirements and is held in the local languages of all ALSO companies. It is mandatory for all employees except logistics and temporary employees and must be successfully completed within four weeks of joining the company. This basic training is supplemented by another two mandatory training courses to refresh and build on the first one. The information learned is tested using an e-learning platform. Refresher training is also provided at regular intervals.

The Group's managers are required to submit a declaration of commitment once a quarter that reminds them of the existing compliance obligations and includes a statement on potential compliance-related issues from the past quarter.

4.8 Data protection

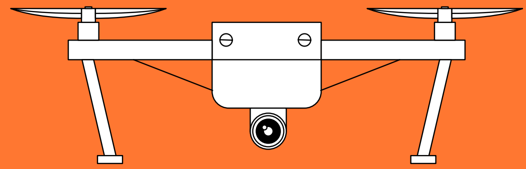
To ensure compliance with the applicable data protection regulations, particularly the European General Data Protection Regulation (GDPR) and the related national data protection laws, ALSO has created a data protection organization consisting of a Chief Data Protection Officer at Group level and Local Data Protection Officers at all national companies. Based on a Group data protection guideline, ALSO's business processes in all business areas are geared toward principles such as fairness, lawfulness, purpose limitation, transparency, and data economy, and are reviewed in regular internal data protection audits. Mandatory data protection training followed by a test is provided to all employees once a year.

4.9 Liquidity risks

One of the central tasks of ALSO is to guarantee the Group's solvency at all times by providing sufficient funds when necessary as well as by ensuring the profitability through management of the financial risks. The central liquidity risk management system ensures that the Group is always in a position to fulfill its payment obligations promptly. ALSO continuously monitors its liquidity with a detailed cash flow plan on a daily basis. Extensive planning ensures furthermore that sufficient liquidity is available in the medium and long term. In the area of financing, ALSO uses a wide variety of financial institutions in order to reduce any dependency on individual banks. ALSO was once again able to fulfill all financial obligations at all times in fiscal year 2020.

4.10 Tax risks

ALSO's operations are heavily networked and carried out across different locations. The accompanying service relationships contain the risk that the underlying transfer prices will not be recognized for tax purposes. In order to limit this risk, ALSO has worked with specialist tax consultants to design the transfer pricing concept and has the underlying transfer pricing documentation audited at regular intervals. ALSO has some tax loss carry-forwards. There is a risk that these loss carry-forwards will not be used and will lapse as a result of time or other restrictions.



CORPORATE GOVERNANCE

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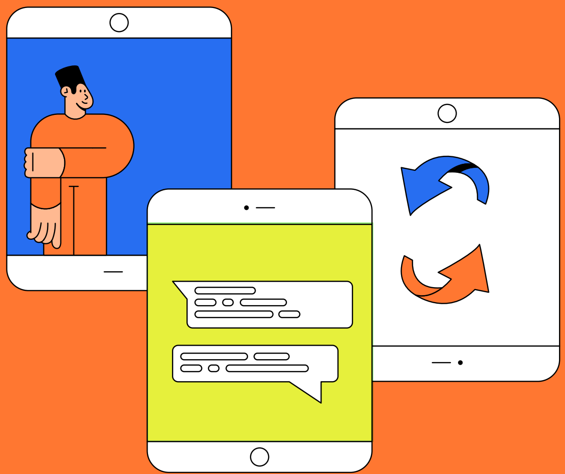


CORPORATE GOVERNANCE

This Corporate Governance Report contains the information that is stipulated by the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and follows its structure.

1. Group structure and shareholders

1.1 Group structure

ALSO Holding AG is the parent company of the ALSO Group, which directly or indirectly holds all other Group companies and associates. The shares of ALSO Holding AG have been listed on SIX Swiss Exchange since 1986 (symbol: ALSN, valor symbol: 2 459 027, ISIN: CH0024590272). The market capitalization of the ALSO Group amounted to CHF 3 251 million as of December 31, 2020.

Please see page 118 of the annual report for the list of the Group's subsidiaries and equity investments.

The ALSO Group has streamlined and efficient management structures at all levels. The operational Group structure as of December 31, 2020 is as follows: The Board of Directors of ALSO Holding AG is responsible for the highest level of management; see also section 3 of this report. It defines the strategic, organizational, and financial goals of the Group. There are also three committees (Compensation and Nomination Committee, Board Committee, and Audit Committee; see also section 3.4.2 of this report).

In addition to the Board of Directors, there is a four-person Group Management consisting of the CEO, CFO, General Counsel and Senior Vice President HR, and Senior Vice President Consumptional Business; see also section 4 of this report. The Board of Directors has delegated the management of the day-to-day business of the company to Group Management under the direction of the CEO of the Group. The Board Committee advises and supervises Group Management.

Group Management defines the focal points of operating activities and manages business development on this basis. It pursues the strategic goals, observes other specifications and guidelines issued by the Board of Directors, and in doing so safeguards the interests of the entire ALSO Group as a link to the Extended Group Management.

The Extended Group Management consists of the Chief Customer Officers (defined managing directors of the countries or regions), Senior Vice Presidents (responsible for various functions such as IT, Consumptional Business, Webshop, Vendor Management, etc.) as well as those responsible for support (e.g. Customer Relationship Management or Business Intelligence).

1.2 Significant shareholders

Significant shareholders

	12.31.2020	12.31.2019
Special Distribution Holding GmbH, Dusseldorf (Germany) [1]	51.30 %	51.30 %
J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	[2]	3.00 %

Source: Share register as of December 31, (without nominees)
1) Controlling shareholder: Walter P. J. Droege through Droege Group AG
2) Percentage of the voting rights is below disclosure threshold

Notifications made during the fiscal year in accordance with Art. 120 et seqq. Financial Market Infrastructure Act (FMIA) can be viewed on the website of SIX Exchange Regulation.

As regards the value of the percentage voting rights shown, it should be noted that any changes in the percentage voting rights between the notifiable threshold values are not subject to disclosure requirements.

1.3 Cross-shareholdings

ALSO Holding AG has no cross-shareholdings exceeding 5 percent.

2. Capital structure

2.1 Ordinary share capital

The ordinary share capital amounts to CHF 12 848 962 as of December 31, 2020. It consists of 12 848 962 fully paid-up registered shares with a nominal value of CHF 1.00 per share. Subject to Art. 5 of the Articles of Association, each registered share entitles the shareholder to one vote as well as to a proportionate share of the available earnings and liquidation proceeds.

The company has issued neither participation certificates nor shares with preferential rights.

The company has not issued any profit-sharing certificates.

2.2 Authorized and conditional share capital

The company has authorized share capital and conditional share capital of CHF 2 500 000 each as of December 31, 2020. Capital increases from authorized and conditional share capital are mutually restrictive, i.e. the total number of new shares resulting from the authorized and conditional share capital together in accordance with Art. 2a and 2b of the Articles of Association may not exceed 2 500 000 shares. The proportion of new shares assigned to each of the two categories is stipulated by the Board of Directors. The amount of CHF 2 500 000 corresponds to roughly 19 % of the existing share capital. The newly issued shares are subject to the restrictions set out in Art. 5 of the Articles of Association.

The Articles of Association containing the precise wording of the texts relating to authorized and conditional share capital issue in accordance with Art. 2a and 2b of the Articles of Association, specifically details regarding the beneficiaries and the duration of the authorization as well as the conditions and forms of, can be downloaded as a .pdf document.

2.3 Changes in capital during the last three years

There were no changes in share capital in the last three years.

2.4 Limitations of transferability and nominee registrations

The Board of Directors may refuse to register an acquirer of shares as a full shareholder (i.e. as a shareholder with voting rights) unless the acquirer expressly declares that they have acquired the shares in their own name and on their own account.

There are no specific rules regarding the registration of nominees in the share register.

Changes to the provisions relating to limitations on the transferability of shares require a resolution by the Annual General Meeting with two-thirds of the votes cast and an absolute majority of the nominal value of the share capital represented.

2.5 Convertible bonds and options

ALSO Holding AG had not issued any convertible bonds or options as of December 31, 2020.

3. Board of Directors

3.1 Members of the Board of Directors, activities, and vested interests

The Board of Directors, which may have a maximum of eight members, currently has six members. Except for Gustavo Möller-Hergt, who has been a member of Group Management since 2011, and a member and Chairman of the Board of Directors since March 13, 2014, the Board of Directors is composed of non-executive members.

Members of the Board of Directors

Name	Nationality	Position	Since
Gustavo Möller-Hergt	DE	Chairman	2014
Walter P. J. Droege	DE	Vice Chairman	2011
Rudolf Marty	CH	Member	1993
Frank Tanski	DE	Member	2011
Peter Athanas	CH	Member	2014
Ernest-W. Droege	DE	Member	2016

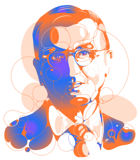
As of December 31, 2020

None of the members of the Board of Directors, with the exception of Gustavo Möller-Hergt, has been a member of the Group Management of ALSO Holding AG or a subsidiary of the ALSO Group in the three fiscal years preceding the year under review.

Walter P. J. Droege is the majority shareholder of Droege Group AG (the Droege Group). Please see section 6.6 of the financial report for details of the business relationships between the ALSO Group and the Droege Group. There are no other material business relationships between the members of the Board of Directors and ALSO Holding AG.

MEMBERS OF THE BOARD OF DIRECTORS

Activities and vested interests



Walter P. J. Droege

Member and Vice Chairman of the Board of Directors of ALSO Holding AG since 2011 and Chairman of the Board Committee.

Career Milestones

Position/Function	Period
Founder and Director of Droege Group AG, Dusseldorf, Germany, which is wholly owned by the Walter P. J. Droege family	1987 until today

Education
Diploma in Business Management.

Other Activities and Vested Interests
Member of the Supervisory Boards or member of the Advisory Boards of various subsidiaries within the Droege Group AG, Dusseldorf, Germany; Vice Chairman of the Supervisory Board of Trenkwalder Group AG and of Trenkwalder Beteiligungs GmbH, both in Vienna, Austria; Member of the Advisory Board of Weltbild Holding GmbH, Augsburg, German; Member of the Advisory Board of Coroplast Fritz Müller GmbH & Co.KG, Wuppertal, Germany.

Peter Athanas

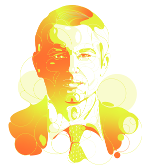
Member of the Board of Directors of ALSO Holding AG since 2014 and Chairman of the Compensation and Nomination Committee.

Career Milestones

Position/Function	Period
CEO of pa impact GmbH, Baden, Switzerland	2009 until today
Senior Executive Vice President Corporate Development of Schindler Holding AG	2013 until 2014
Member of the Board of Directors and of the Executive Committee of the Board of the Schindler Group	2010 until 2013
Chairman of the Board of Directors and CEO of Ernst & Young Switzerland	2002 until 2008
Member of the Global Executive Board and member of the Global Management Group of Ernst & Young Switzerland	2005 until 2008
CEO of Arthur Andersen Switzerland, and member of the Global Board	2001 until 2002
Partner in the Arthur Andersen organization	1990 until 2002

Education
Master's degree in Law and Economics and PhD in Economics from the University of St. Gallen, Switzerland.

Other Activities and Vested Interests
Member of the Board of Cembra Money Bank Ltd, Zurich, Switzerland; Member of the Board of Skuani AG, Zurich, Switzerland; member of the Board of Directors of KONTIVIA AG, Zurich, Switzerland; Member of the Board of the Institute of Public Finance and Fiscal Law of the University of St. Gallen, Switzerland; Council member of the Foundation for the Promotion of Studies for the Master's Degree in Law and Economics of the University of St. Gallen, Switzerland, and council member of the Werner Siemens Foundation, Zug, Switzerland. Emeritus of National and International Tax Law at the University of St. Gallen, Switzerland. Member of the Foundation Board of the Swiss Study Foundation, Zurich, Switzerland. Protector of Brunneria Foundation, Vaduz, Liechtenstein.



Ernest-W. Droege

Member of the Board of Directors of ALSO Holding AG since 2016.

Career Milestones

Position/Function	Period
CEO of Droege Group AG (since 2018), prior in various positions with the Droege Group, Dusseldorf, Germany	2014 until today
Scientific assistant at RWTH Aachen, Germany	2012 until 2014
Investment Banking at Goldman Sachs AG, Frankfurt, Germany	2010 until 2012

Education
Studied business engineering in Karlsruhe and Zurich, doctorate in economics at RWTH Aachen.

Other Activities and Vested Interests
CEO or member of the supervisory board of various subsidiaries within the Droege Group AG, including Managing Director of Droege Group Unternehmer-Beratung GmbH, Dusseldorf, Germany; Chairman of the Supervisory Board of Trenkwalder Group AG and Trenkwalder Beteiligungs GmbH, both in Vienna, Austria; Chairman of the Supervisory Board of Weltbild Holding GmbH, Augsburg, Germany.

Rudolf Marty

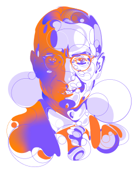
Member of the Board of Directors of ALSO Holding AG since 1993 and Chairman of the Audit Committee.

Career Milestones

Position/Function	Period
Chairman of the Gebert Rüf Foundation, Zurich, Schweiz	2005 until 2017
Chairman and majority shareholder of Advexo AG, Lucerne, Switzerland	2008 until 2017
Managing Partner of itopia AG – corporate information technology, Zurich, Switzerland	1995 until 2007
Head of the IT Research Laboratory and Applications Development of Union Bank of Switzerland SBG, Zurich, Switzerland	1989 until 1995
Professor for IT at University of Zurich	1982 until 1992

Education

MBA and doctorate in Information Technology, Zurich University, Switzerland.



Gustavo Möller-Hergt

Member of the Board of Directors of ALSO Holding AG and Chairman since 2014. Chief Executive Officer of the ALSO Group and since 2011 a member of the Group Management.

Career Milestones

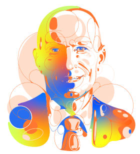
Position/Function	Period
Chief Operating Officer ALSO Group	2011 until 2012
Chief Representative of the Droege Group	2008 until 2011
CEO and Chief Representative and previously in various positions with the Warsteiner Group	1992 until 2007
Member of the Supervisory Board of SIAC in Douala, Cameroon	1998 until 2007
Chairman of the Supervisory Board of CASA Isenbeck in Buenos Aires, Argentina	1993 until 2007

Education

Diploma in Engineering from the Technical University, Munich, Germany, and graduate of Harvard Business School, Boston, USA. Doctorate from the Technical University, Berlin, Germany, where he lectures on technical management.

Other Activities and Vested Interests

Member of the Advisory Board of Deutsche Bank, Düsseldorf, Germany, and of the Board of Trustees of the Bamberg Symphony Orchestra, Bamberg, Germany.



Frank Tanski

Member of the Board of Directors of ALSO Holding AG since 2011.

Career Milestones

Position/Function	Period
Managing Director of Droege Capital GmbH, Germany	2008 until today
Employee of a major bank in Germany, most recently as Head of Division	1992 until 2008

Education

Diploma in Business Management.

3.2 Number of permissible activities

A member of the Board of Directors may exercise a maximum of ten additional activities as a member of the highest management or directorial body of other legal entities that are entered in the Commercial Register, or required by Art. 12 of VegüV to be so entered, and are not controlled by the company. The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the ALSO Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material (unconsolidated) interest, are counted as one function.

3.3 Election and term of office

The members of the Board of Directors are elected individually by the Annual General Meeting for a term of office of one year and can be re-elected. The Chairman of the Board of Directors is also elected by the Annual General Meeting for a period of office of one year. There is no limit on the term in office.

The Board of Directors has decided that, as a rule, members should retire at the Annual General Meeting held to approve the Annual Report for the fiscal year in which they reach the age of 70. In exceptional cases, the Board of Directors may decide to waive this rule.

For information on the first election of the members, please refer to section 3.1.

3.4 Internal organization

3.4.1 Division of roles within the Board of Directors and working methods

The Board of Directors represents ALSO Holding AG towards third parties. It can delegate the representation powers to one or more of its members or to third parties. The Chairman convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year. The Chairman prepares the meetings, chairs them, and draws up their agenda. The Vice Chairman deputies for the Chairman in case the President is prevented from attending. Any member of the Board can ask for a meeting to be convened and for the inclusion of an item on the agenda.

For information on the Lead Director, please refer to section 3.7.

3.4.2 Committees

The Board of Directors may delegate the preparation and execution of its decisions to committees or to its individual members. The Board of Directors has appointed three standing committees: the Board Committee (BC), the Audit Committee, and the Compensation and Nomination Committee.

For each of the committees, the Board of Directors elects a Chairman from the members of the Board of Directors. The period of office of all committee members is one year. The Board of Directors can dismiss any member of a committee at any time, except for the members of the Compensation and Nomination Committee, whose election and dismissal lie within the competence of the Annual General Meeting.

3.4.2.1 Board Committee (BC)

The Board of Directors appoints a standing BC from among its members. Normally, the BC consists of three members of the Board of Directors who have solid knowledge and extensive experience in the wholesale, financial, corporate governance, and risk control areas.

The BC assists and supports the Board of Directors in the management of the ALSO Group at senior level and in the supervision of the individuals entrusted with running these companies.

The BC reports to the Board of Directors. The Chairman of the BC informs the Board of Directors about the BC's work and decisions at each ordinary board meeting. Exceptional events of major significance are communicated immediately to all members of the Board of Directors.

The BC has the following duties and responsibilities:

- Monitoring implementation of the Group strategy by Group Management
- Consultation regarding the definition and changes to the organizational structure (management organization chart) of the Group Management, country responsibilities and functional areas within the Group
- Consultation regarding the definition of the structure of the accounting system and the regulation and management of risk management
- Preparation and monitoring of Board of Directors decisions regarding investments, mergers and acquisitions, and other significant projects and transactions carried out by the ALSO Group

- Ensuring supervision of the individuals entrusted with the executive management where this function is not performed by the Audit Committee
- Assessments and proposals to the Board of Directors regarding potential capital increases or decreases and the issue of bonds by the company
- Assessments and proposals to the Board of Directors regarding notification of the legal authorities in the event of over-indebtedness
- Decisions on granting significant guarantees, sureties, collateral, and other letters of comfort for the benefit of persons or companies outside the Group
- Consultation regarding the assumption of additional external board memberships and important political positions by the members of the Group Management
- Consultation regarding contracts with major shareholders or members of the Board of Directors and Group Management and/or companies or persons closely associated with them
- Decisions regarding significant legal disputes
- Reaching decisions on the necessity and the scope of financial restructuring of ALSO companies
- Reaching decisions on significant increases or decreases in the share capital of ALSO companies (except for ALSO Holding AG)
- Decisions on measures relating to the change of legal form of ALSO companies and the conclusion of profit and loss transfer and similar agreements
- Consultation regarding the approval of the budget as well as the annual and half-year financial statements of ALSO Group as well as decisions regarding significant deviations from budget
- Decisions regarding measures involving all or a substantial number of employees of ALSO companies or concerning consultations with the works council of individual ALSO companies with regard to such measures

The BC is entitled to delegate certain responsibilities to one of its members, to Group Management, to employees of the ALSO Group who hold an important line and/or staff position, or to third parties.

Composition of the Board Committee

Walter P. J. Droege	Chairman
Frank Tanski	Member
Peter Athanas	Member

As of December 31, 2020

3.4.2.2 Audit Committee

The Board of Directors appoints an Audit Committee. The Audit Committee generally consists of three members who possess the necessary financial, legal, and technical expertise.

The Audit Committee reports to the Board of Directors. The Chairman of the Audit Committee informs the Board of Directors about the Audit Committee's work and decisions at each ordinary board meeting. The Head of Internal Audit and the Chief Compliance Officer have the duty to inform the Chairman of the Audit Committee at any time about situations that are relevant to auditing or compliance. Exceptional events of major significance are communicated immediately to all members of the Board of Directors.

The Audit Committee has the following responsibilities:

- Monitoring and evaluation of the suitability and effectiveness of internal financial controls; monitoring of adjustments following significant changes in the risk profile
- Evaluation of the audit strategy adopted by the statutory auditor and verification that shortcomings are corrected and recommendations are implemented
- Approval of the annual planning of Internal Audit and discussion of the ensuing reporting with the head of Internal Audit
- Evaluation of the performance and remuneration of statutory auditor and its independence
- Evaluation of the collaboration between statutory auditor and Internal Audit
- Evaluation of measures taken by Group Management to ensure appropriate risk management
- Consultation on the adoption or amendment of the Code of Conduct including the associated guidelines
- Evaluation of the measures taken to ensure adherence to legal requirements and internal regulations (compliance) as well as of the associated supervisory measures
- Analysis of financial reporting, evaluation of the accounting principles, and assessment of the most important items
- Discussion of the year-end closing and annual financial statements with the responsible bodies and submission of a recommendation to the Board of Directors
- Consultation when concluding consultancy contracts with the auditors for important auditing activities

In the fulfillment of its tasks, the Audit Committee may delegate assignments to other parties, in particular to Group Management, Internal Audit, the Group Compliance Officer, and the statutory auditor.

Composition of the Audit Committee

Rudolf Marty	Chairman
Frank Tanski	Member
Peter Athanas	Member

As of December 31, 2020

3.4.2.3 Compensation and Nomination Committee

The members of the Compensation and Nomination Committee are elected annually by the Annual General Meeting. The Board of Directors appoints the Chairman.

The Compensation and Nomination Committee prepares all relevant decisions of the Board of Directors relating to the compensation of the members of the Board of Directors and Group Management, and submits proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Group Management, as well as their fringe benefits and the stipulations of their employment contracts. The Board of Directors has also delegated the following other duties to the Compensation and Nomination Committee:

- Preparation of decisions of the Board of Directors regarding nomination of the Vice Chairman of the Board of Directors and pre-selection of potential candidates for the Board of Directors
- Preparation of decisions of the Board of Directors regarding nomination, promotion, and dismissal of the members of Group Management and Country Managing Directors of the ALSO Group
- Preparation of decisions of the Board of Directors regarding the introduction and amendment of employee participation plans
- Review of the succession planning and leadership qualifications of the members of the Board of Directors and Group Management, the Country Managing Directors, and other individuals in the ALSO Group who exercise central line and/or staff functions

The Board of Directors may delegate further tasks concerning compensation, human resources, and related areas to the Compensation and Nomination Committee.

Composition of the Compensation and Nomination Committee

Peter Athanas	Chairman
Walter P. J. Droege	Member
Frank Tanski	Member

As of December 31, 2020

3.4.3 Frequency of meetings of the Board of Directors and its Committees

The Board of Directors meets around every two months on average for half-day to full-day meetings, and usually meets with Group management once a year for a joint strategy meeting. The task at these meetings is to analyze the positioning of the ALSO Group in the light of current macro-economic and company-specific circumstances and to review, and if necessary to redefine, the strategic orientation. The CFO and the General Counsel usually attend the meetings of the Board of Directors as guests and other members of the Group Management attend specific topics. In the reporting year, external consultants were called in to review the market conformity of the compensation of the Board of Directors and Group Management. The representatives of the company's auditor attended one meeting in the reporting year.

The Board of Directors met for a total of eleven meetings, including one strategy meeting in 2020.

The BC meets as often as its business requires, normally every two months. In the year under review, the meetings were held together with the Board of Directors due to the extraordinary situation with regard to Covid-19.

The Audit Committee meets as often as its business requires. The Audit Committee held four meetings with an average duration of two hours relating the year under review. The CFO, the General Counsel, Internal Audit, the compliance officers, and the auditors are usually present as guests at the meetings of the Audit Committee.

The Compensation and Nomination Committee meets as often as its business requires. The Compensation and Nomination Committee held two meetings with an average duration of one hour relating to the year under review.

The agendas for the meetings are defined by their respective chairman. Minutes of the meetings and decisions are recorded. Members of Group Management or other individuals may attend meetings of the Board of Directors or its committees at the invitation of the respective chairman.

3.5 Areas of responsibility

According to the law, the Board of Directors is responsible for the ultimate management and supervision of the Group. It has the inalienable and non-transferable responsibilities in accordance with Art. 716a, Paragraph 1, of the Swiss Code of Obligations. It can also take decisions on all matters that are not allocated to the Annual General Meeting by law or by the Articles of Association.

In particular, the Board of Directors is required to approve, or make decisions, concerning:

- The Group's objectives and strategy
- The list of measures designed to prevent or mitigate potential loss or damage associated with the main risks
- Appointing the members of Group Management
- Defining the organization and appointing those persons entrusted with the task of representing ALSO Holding AG
- The proposals to the Annual General Meeting regarding the compensation of the Board of Directors and Group Management
- The drafting of the retirement benefit plan for the members of Group Management
- The Group's budget, plan, and forecast
- The consolidated annual and interim financial statements of the Group and the annual financial statements of ALSO Holding AG
- The Group's investment budget
- Transactions that exceed certain financial amounts
- Important mergers and acquisitions, joint ventures, and similar transactions
- The annual report and the compensation report

In addition, the Board of Directors has delegated operational management of the company to Group Management. Operational management comprises the obligation to implement all necessary measures, particularly with regard to personnel- and product-related issues, market orientation, monitoring the competition, and planning for the future.

Group Management is responsible for ensuring that the Group achieves the targets set by the Board of Directors. In addition to its overall responsibility for operational management, Group Management has the following main tasks in particular:

- Definition and changes to the organizational structure (management organization chart) at the level of country responsibility and functional areas of the ALSO Group
- The pursuit of strategic objectives and enforcement of these objectives using action plans
- Defining HR and compensation policy below Group Management level
- Defining the product mix as well as the marketing and sales policy
- Concluding and canceling agreements with manufacturers at Group level
- Defining sourcing policy
- Defining basic principles of transfer pricing
- Defining logistical concepts and structures
- Approving the budgets, financial results, and investments of the Group companies
- Exercise of voting rights in subsidiaries and associated companies in the ALSO group
- Defining the operational information and reporting systems
- Defining communication policy and outward appearance
- Regulating and performing risk management
- Financial competence outside the budget or for Group investments, provided they do not fall within the competence of the Board of Directors or its committees

The CEO manages the ALSO Group with the members of Group Management reporting to him. He chairs Group Management meetings and supervises the implementation of their decisions. He evaluates the performance and results of the Central Europe and Northern/Eastern Europe market segments. Based on his evaluation, he decides which resources – particularly financial and personnel – should be allocated to the individual business segments. The CEO is responsible for ensuring that the company develops consistently, in accordance with its defined business practices and strategies.

3.6 Information and control instruments vis-à-vis Group Management

The Board of Directors and its committees periodically receive information in the form of Group reports relevant to their needs. These reports are also discussed in depth at regular meetings that take place with the committees involved.

The Board of Directors supervises Group Management and uses reporting and controlling processes to monitor its operating methods. The ALSO Group has available a comprehensive electronic management information system (MIS).

As part of the MIS, the Board of Directors receives a monthly report discussing net sales, net profit, the consolidated statement of cash flows, net working capital, the financing structure, and exchange rate risks, among other things. This information is broken down by segment and compared with the approved budget and the prior-year figures.

At each of its meetings, the Board of Directors is informed by the CEO, or by another member of Group Management, of the current business and significant events. At these meetings, members of the Board of Directors may ask other members of the Board of Directors or the CEO to provide information about the ALSO Group that they require in order to carry out their duties. All members of the Board of Directors are notified immediately of any exceptional occurrences.

The Internal Audit, compliance officers, and auditing bodies assist the Board of Directors in carrying out its controlling and supervisory duties. In addition, the BC and the Audit Committee monitor the performance of Group Management within the scope of their duties pursuant to section 3.4.2.1 and section 3.4.2.2 of this report. The scope of this remit is agreed with the Board of Directors of ALSO Holding AG.

ALSO pursues a coordinated and systematic approach to risk management and controlling in order to identify and evaluate risks affecting the Group as a whole and individual Group companies. Operational risks, market risks, financial risks, tax risks, and other risks are recorded separately and classified in terms of their probability of occurrence and potential impact. Based on the resulting risk matrix, Group Management develops a catalog of suitable measures for preventing and/or mitigating potential losses. The risk matrix is regularly presented to the Audit Committee and subsequently to the Board of Directors for assessment and approval, and the implementation of the measures is monitored by the Audit Committee.

In addition, the Board of Directors and the Audit Committee is supported by the ALSO Group Internal Audit. The Internal Audit has an unrestricted right to demand information and examine the records of all Group companies and departments. In addition, after consultation with the Audit Committee, Group Management may ask the Internal Audit to carry out special investigations above and beyond its usual remit. The annual plan for internal audit is approved by the Audit Committee. The Head of Internal Audit submits a report to the Audit Committee at half-yearly intervals. The Audit Committee discusses this with the Head of Internal Audit and takes any necessary measures or proposes them to the Board of Directors for approval. The head of Internal Audit attended four Audit Committee meetings in the year under review.

3.7 Measures in accordance with the Swiss Code of Best Practice for Corporate Governance

At ALSO, the positions of Chairman of the Board of Directors and CEO are held conjointly. The balance of influence between the Board of Directors and Group Management is safeguarded by three committees that have been established, of which the Chairman of the Board of Directors is not a member, and the membership of representatives of the main shareholder. In 2015, the Lead Director concept was introduced as part of an amendment of the Organizational Regulations. In particular, the Lead Director is responsible for heading the meetings of the Board of Directors – possibly only for single items of the agenda – in the event that the Chairman experiences a conflict of interests. He can convene meetings independently. The Vice Chairman of the Board of Directors, Walter P. J. Droege, serves as the Lead Director.

Currently all members of the Board of Directors as well as the Group Management (refer to section 4.1) are men. Should vacancies occur, the Board of Directors will consider filling them with female members, not least in view of future legal guidelines for the gender representation in the Board of Directors and Group Management.

The Board of Directors conducts regularly a self-evaluation of its working methods and efficiency.

4. Group Management

4.1 Members of Group Management, activities and vested interests

Two new functions were added to the Group Management in the year under review, namely General Counsel and Senior Vice President HR and Senior Vice President Consumptional Business. The members of the Group Management of ALSO Holding AG are as follows.

Members of Group Management

Name	Nationality	Position
Gustavo Möller-Hergt	DE	Chief Executive Officer (CEO)
Ralf Retzko	DE	Chief Financial Officer (CFO)
Thomas Meyerhans	DE	General Counsel and Senior Vice President HR
Jan Bogdanovich	LV	Senior Vice President Consumptional Business

As of December 31, 2020

MEMBERS OF GROUP MANAGEMENT

Activities and vested interests

Gustavo Möller-Hergt

Member of the Board of Directors of ALSO Holding AG and Chairman since 2014. Chief Executive Officer of the ALSO Group and since 2011 a member of the Group Management.

Career Milestones

Position/Function	Period
Chief Operating Officer ALSO Group	2011 until 2012
Chief Representative of the Droege Group	2008 until 2011
CEO and Chief Representative and previously in various positions with the Warsteiner Group	1992 until 2007
Member of the Supervisory Board of SIAC in Douala, Cameroon	1998 until 2007
Chairman of the Supervisory Board of CASA Isenbeck in Buenos Aires, Argentina	1993 until 2007

Education
Diploma in Engineering from the Technical University, Munich, Germany, and graduate of Harvard Business School, Boston, USA. Doctorate from the Technical University, Berlin, Germany, where he lectures on technical management.

Other Activities and Vested Interests
Member of the Advisory Board of Deutsche Bank, Düsseldorf, Germany, and of the Board of Trustees of the Bamberg Symphony Orchestra, Bamberg, Germany.

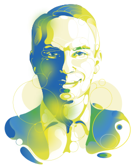
Ralf Retzko

Chief Financial Officer of the ALSO Group and since 2011 a member of the Group Management.

Career Milestones

Position/Function	Period
Head of Controlling, Commercial Manager and Chief Financial Officer of the Actebis Group	1998 until 2011
Central Controlling of Karstadt AG, Essen, Germany	1996 until 1998
following his studies, Scientific Assistant at the Institute of Business Information Technology, Göttingen University, Germany	1993 until 1995

Education
Studied business management, mathematics, and information technology for business in Göttingen, Germany. Subsequently took a doctorate in business management.



Thomas Meyerhans

General Counsel and Senior Vice President Human Resources and since 2020 a member of the Group Management.

Career Milestones

Position/Function	Period
General Counsel and Senior Vice President Human Resources (since 2019) of ALSO Group	2017 until today
Attorney at Law at Baker & McKenzie in Munich, Germany, San Francisco and Palo Alto, USA	2014 until 2017
Attorney at Law at Watson, Farley & Williams in Munich and Hamburg, Germany	2011 until 2014
Attorney at Law at Clifford Chance in Frankfurt am Main, Germany and New York, USA	2008 until 2010

Education

Studies of Law at University Heidelberg and Mainz, Germany and University Lausanne, Switzerland. Legal Traineeship at Higher State Court Frankfurt am Main, Germany with stages in Canberra, Australia and New York, USA.

Jan Bogdanovich

Senior Vice President Consumptional Business of the ALSO Group and since 2020 a member of the Group Management.

Career Milestones

Position/Function	Period
SVP Consumptional Business (since 2020) and previously in various positions within the ALSO Group	2014 until today
Responsible for the R&D center in Riga for Nervogrid, Helsiniki, Finland	2011 until 2014
Responsible for business transformation at Hortus Digital, Riga, Latvia	2004 until 2011

Education

Studied computer science in Latvia.

Other Activities and Vested Interests

Member of Information Security Audit and Control Association (ISACA).

4.2 Number of permissible activities

A member of Group Management may exercise a maximum of ten additional activities as a member of the highest management or directorial body of other legal entities that are entered in the Commercial Register according to Art. 12 of VegüV, or would be required to be so entered, and are not controlled by the company. The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the company. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

4.3 Management agreements

ALSO Holding AG has not entered into any management contracts with persons outside the Group for the delegation of executive management. According to Art. 6 of VegüV, delegation of the executive management to legal entities is not permitted.

5. Compensation, shareholdings, and loans

For information on the compensation and shareholdings of members of the Board of Directors and Group Management, and loans to the same, please see the Compensation Report.

6. Shareholders' rights of participation

6.1 Restrictions on voting rights and representation

Each share that is entered in the share register entitles the shareholder to one vote. The introduction or amendment of provisions in the Articles of Association relating to the limitation of voting rights requires a resolution of the General Meeting of Shareholders representing at least two thirds of the votes and an absolute majority of the nominal value of the shares represented.

The rights of shareholders to participate in Annual General Meetings comply with legal requirements and the Articles of Association. Every shareholder may personally participate in the Annual General Meeting and cast his/her vote(s), or be represented by a proxy appointed in writing, which proxy need not be a shareholder, or be represented by the Independent Proxy. However, at the Annual General Meeting on 24 March 2020, the right to attend in person was excluded due to the ban on events as a result of the COVID-19 pandemic based on the provisions of Ordinance 2 on Measures to Combat the Coronavirus (COVID-19).

Instead of attending in person or being represented by a third party, shareholders may issue their power of attorney and instructions to the Independent Proxy by post or electronically. The Independent Proxy is obliged to exercise the voting rights that are delegated to him by shareholders according to their instructions. Should he have received no instructions, he shall abstain from voting. Due to the above-mentioned exclusion of personal participation, shareholders were able to exercise their rights at the Annual General Meeting on 24 March 2020 exclusively through the Independent Proxy.

On an annual basis, the Annual General Meeting elects the Independent Proxy with the right of substitution. His term of office terminates at the conclusion of the next Annual General Meeting. Re-election is possible. Should the company have no Independent Proxy, the Board of Directors shall appoint an Independent Proxy for the next Annual General Meeting.

6.2 Statutory quorum requirements

Unless a qualified majority is stipulated by law, the Annual General Meeting makes its decisions on the basis of the relative majority of valid votes cast, regardless of the number of shareholders present or shares represented. Abstentions and blank votes do not count as votes. In the case of elections, the first round of voting is decided by the absolute majority and the second round by the relative majority. The Chairman has the casting vote in the event of a tie.

6.3 Convening the Annual General Meeting

Annual General Meetings are convened by the Board of Directors or, if necessary, by the auditors or other bodies in accordance with Art. 699 and Art. 700 of the Swiss Code of Obligations. Shareholders who collectively represent at least 10 percent of the share capital may convene an Annual General Meeting. When doing so, they must indicate the matters to be discussed and the corresponding proposals.

Annual General Meetings are convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting. The shareholders may also be informed in writing (by unregistered letter) or by electronic means.

6.4 Definition of the agenda

The Board of Directors is responsible for specifying the agenda. Shareholders who together own at least five percent of the share capital may request that specific proposals be put on the agenda. The request, including the agenda item and the proposals, must be submitted in writing at least 60 days prior to the date of the Annual General Meeting.

6.5 Registration in the share register

Only shareholders who are registered in the share register as shareholders with voting rights at the closing date are entitled to attend an Annual General Meeting and to exercise their voting rights. The Board of Directors ensures that the closing date is set as close as possible to the date of the Annual General Meeting, i.e. not more than five to ten days prior to it. The closing date is published together with the invitation to the Annual General Meeting in the Swiss Official Gazette of Commerce. There are no exceptions to the rule regarding the closing date.

7. Change of control and defense measures

7.1 Duty to make an offer

The obligation to submit a public take-over offer pursuant to Art. 125 paragraph 3 and paragraph 4 FMIA (formerly Art. 32 and Art. 52 of the Swiss Stock Exchanges and Securities Trading Act “SESTA”) has been waived (“opting out”).

7.2 Change of ownership clauses

There are no change-of-control provisions in favor of any member of the Board of Directors, Group Management and/or other management personnel.

8. Auditors

8.1 Duration of the mandate and term of office of the auditor in charge

The auditors are elected annually at the Annual General Meeting for one year upon proposal of the Board of Directors. When selecting the auditors, the Board of Directors takes various criteria into account, in particular the independence, quality, reputation and costs of the auditors.

The statutory auditors mandate was previously performed by PricewaterhouseCoopers AG (PwC) from 2013 to 2019. In the interest of good corporate governance, the Board of Directors issued a new call for tenders for the audit mandate for ALSO Holding AG and its Group companies in 2019. The tendering process was conducted under the direction of the Audit Committee and included in-depth discussions between the CFO and the Head of Group Reporting and the respective teams of auditors.

The results of the tendering process were presented to the Board of Directors after its completion. The Board of Directors then proposed the election of Ernst & Young AG (EY) to the Annual General Meeting. The General Meeting on 24 March 2020 approved this proposal and elected EY as new statutory auditors for the 2020 financial year. The auditor in charge is changed every seven years at the latest as required by law.

8.2 Fees

The fees charged by EY (previous year by PwC) as the auditors of ALSO Holding AG and of the Group companies audited by them, and their fees for additional services, are as follows.

Fees

CHF 1 000	2020	2019
Audit	1 070	908
Audit related services	0	70
Tax and other services	408	590
Total	**1 478**	**1 568**

8.3 Instruments providing information on the activities of the auditor

The Audit Committee and the auditors determine the content and scope of the audit each year. Any special duties of the Board of Directors are incorporated into the audit program. The results of the audit are recorded in a comprehensive report supplied to the Board of Directors.

Representatives for the auditor take part in individual meetings or individual agenda items of meetings of the Audit Committee, where they explain their activities and respond to questions. Representatives for the former auditor PwC attended one meeting and representatives of the current auditor EY attended two meetings of the Audit Committee in the reporting year. There is also regular contact between the auditors and the members of the Board of Directors, Group management and the Audit Committee of ALSO Holding AG outside meetings.

Each year, the Audit Committee assesses the auditor's performance, fee and independence in addition to the audit strategy. It bases this assessment on key criteria, including in particular technical competence, objectivity, the adequacy of the resources used, the appropriateness of prioritization and the definition of the audit focus, the ability to communicate and coordinate with the Internal Audit department, Group management and the Audit Committee, and the quality of the recommendations and reports submitted. The Audit Committee subsequently reports to the Board of Directors on its assessment.

On the basis of the Audit Committee's assessment, the Board of Directors discusses and reviews the scope and quality of audits. Based on this, it resolves any adjustments or improvements. The Board of Directors held one meeting with the auditors on the subject of the annual financial statements for fiscal year 2020.

Additional service or consulting assignments are delegated to the auditors only if they are permitted by the auditors' code of independence.

9. Information policy

Detailed financial statements are published in the form of the half-year and annual reports. The published accounts comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange, and the International Financial Reporting Standards (IFRS).

The ALSO Group also presents its financial statements at its annual results media conference and its Annual General Meeting.

The ALSO Group reports in accordance with the disclosure requirements of Art.124 FMIA and the ad-hoc publication requirements of Art. 53 of the listing rules of SIX Swiss Exchange. At https://also.com/goto/subscribe, interested parties can register for the free ALSO Holding AG e-mail distribution list in order to receive direct, up-to-date information that may be relevant to the share price (ad-hoc announcements). Ad-hoc announcements may be viewed at https://also.com/goto/mediareleases at the same time as notification to SIX Swiss Exchange and for two years thereafter.

In addition, media releases, presentations, and brochures are published as necessary. These documents are available to all electronically.

Announcements to the shareholders are made by way of unregistered letters or publication in the Swiss Official Gazette of Commerce (SHAB), unless otherwise stipulated in mandatory legal provisions or in the company's articles of association. The invitation to the Annual General Meeting may also be sent by electronic means.

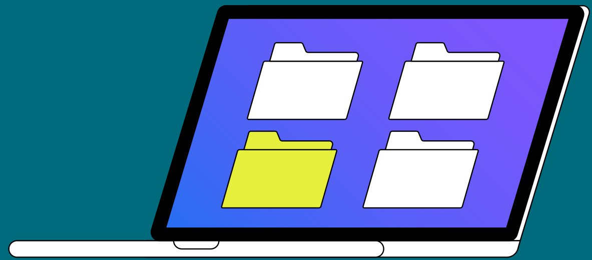
Financial calendar

Generalversammlung	March 17, 2021
Publikation Halbjahresbericht	July 20, 2021

ALSO Holding AG
Meierhofstrasse 5
CH-6032 Emmen
Switzerland
Tel. +41 41 266 18 00
Email: info@also.com

10. Important changes occurring after the balance sheet date

No material changes have occurred since the end of the reporting period.



COMPENSATION REPORT

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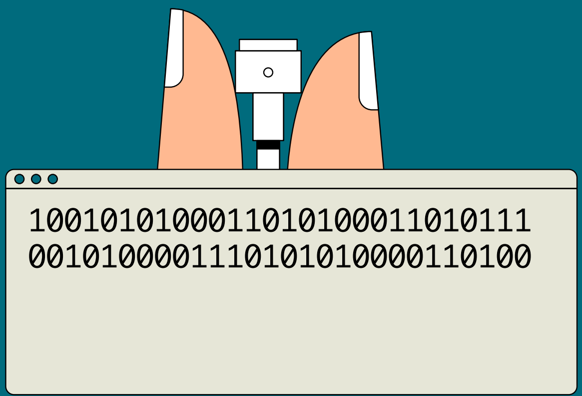
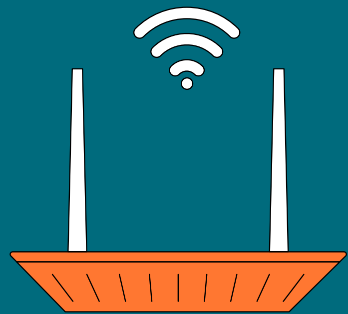




COMPENSATION REPORT

This Compensation Report contains information on the compensation of the members of the Board of Directors and Group Management. The report was prepared in accordance with the provisions of the Ordinance Against Excessive Compensation in Listed Companies (VegüV). It satisfies the requirements of SIX Swiss Exchange for information on corporate governance and the standards stipulated in the “Swiss Code of Best Practice for Corporate Governance” of economiesuisse.

This Compensation Report will be presented to the next Annual General Meeting of ALSO Holding AG, which will be held on March 17, 2021, for a consultative vote.

1. Principles

The success of the ALSO Group depends largely on the qualifications and commitment of its employees. The purpose of the Group’s compensation policy is to attract, motivate, and retain qualified personnel. It is also intended to bring management interests in line with those of ALSO and its shareholders.

The compensation system is designed so that the compensation is performance-based and market-driven, and so that entrepreneurial thinking and action are encouraged. Compensation decisions should be fair, transparent and therefore understandable for the persons concerned.

2. Changes in the reporting year

Thomas Meyerhans, General Counsel and Senior Vice President Human Resources, was appointed to the Group Management in May 2020.

Jan Bogdanovich, Senior Vice President Consumptional Business, was appointed to the Group Management in September 2020.

3. Compensation system

3.1 Board of Directors

The members of the Board of Directors receive a fixed fee for their activities and no performance-related payment.

The chairmen and members of committees of the Board of Directors receive an additional fixed fee for these functions.

3.2 Group Management

The members of Group Management receive compensation consisting of fixed and performance-related (variable) components. Statutory rules regarding the principles of the performance-related (variable) components can be found in Art. 23 Paragraph 3 of the Articles of Association.

The fixed components consist of a monthly salary and, from case-by-case, a flat-rate vehicle allowance, a company car, or flat-rate representation expenses. Certain fringe benefits may also be paid.

The variable compensation depends on the business success and is paid in the form of a cash bonus. Variable compensation includes a short-term and a long-term component and breaks down as follows:

- **Short-term, variable compensation:** For the CEO and CFO, short-term, variable compensation depends entirely on the combined target values of EBT and EBITDA that are defined by the Board of Directors. If the targets are attained, the bonus is calculated according to a progressively increasing percentage of the attained EBT, which is defined in advance by the Board of Directors.
  For a member of the Group Management, the short-term variable compensation depends entirely to predefined combined target values from group and area EBT. If the targets are attained, the bonus is calculated according to a predefined, fixed percentage of the achieved area EBT.
  For another member of the Group Management, the bonus is dependent on the achievement of target values from Group EBT and predefined qualitative targets.

- **Long-term, variable compensation:** A long-term incentive applies to members of Group Management whose contribution has a material influence on the long-term development of the Group. The long-term incentive was agreed with the members of Group Management at the time in 2011. It is designed so that a one-time special premium is paid if long-term financial targets that are defined by the Board of Directors are attained in two successive years. The payment is only made on condition that the recipient is actually employed by the ALSO Group on the date when the payment is made.

In the case of exceptional non-recurring events (e.g. acquisitions) that are not the responsibility of Group Management, the Board of Directors may, at its own discretion, adjust the parameters on which the calculation of variable compensation is based.

For exceptional performance, in addition to the target bonus, the Board of Directors may, at its own discretion, award a special bonus, which is reported under "Cash bonus (gross)" in the Compensation Report.

3.3 Capital participation plan

In accordance with Art. 25 Paragraph 1 of the Articles of Association no participations, conversion rights or options are granted to members of the Board of Directors or Group Management.

4. Responsibilities and procedures for approving and setting compensation

Responsibilities for compensation-related decisions are governed by the Articles of Association, the Organizational Regulations and the Regulations of the Compensation and Nomination Committee of ALSO Holding AG.

4.1 Compensation and nomination committee

The Compensation and Nomination Committee prepares all relevant decisions of the Board of Directors relating to the compensation of the members of the Board of Directors and Group Management, and submits proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Group Management, as well as their fringe benefits and the stipulations of their employment contracts.

The Compensation and Nomination Committee can also make proposals to the Board of Directors for amendments to the compensation system.

4.2 Board of Directors

Under and subject to the approval of the Annual General Meeting, the definitive compensation is determined by the Board of Directors. As a rule, the effective bonus is determined at the proposal of the Compensation and Nomination Committee in the first quarter of the following year. The executive members of the Board of Directors are excluded from voting rights when their compensation is determined. In the reporting year, external consultants were called in to review the market conformity of the compensation of the Board of Directors and Group Management and found a strong relationship between the level of compensation and the size of the company. These consultants have no other mandates in the ALSO Group. No other external consultants were consulted in the reporting year.

4.3 General Meeting

The Annual General Meeting each year approves the following compensation amounts for the respective ongoing fiscal year with binding effect:

- Maximum amount for fixed compensation for members of the Board of Directors
- Maximum amount for fixed compensation for members of the Group Management
- Maximum amount for variable compensation for members of the Group Management

The Annual General Meeting can subsequently increase the compensation already approved at any time.

If the Annual General Meeting refuses its approval, the Board of Directors can submit new proposals at the same general meeting or a new general meeting yet to be convened.

The additional amount for the hiring of new members of Group Management after approval by the Annual General Meeting is 30 percent of the total compensation approved for the respective period per new member. Approval of this additional compensation by the Annual General Meeting is not required.

5. Compensation for the reporting year

5.1 General

The disclosed compensation of the members of the Board of Directors and Group Management includes all compensation paid for the entire reporting year, subject to the following amplifications and restrictions:

- The disclosed variable compensation elements comprise the accrued variable compensation elements attributable to the completed fiscal year.
- The compensation paid to new members of the Board of Directors and Group Management is reckoned from the date on which they take over the respective function.
- If a member resigns from the Board of Directors or Group Management, the compensation up to the resignation date, plus any compensation in the reporting year in connection with these activities, are reported together.
- In individual cases, members of Group Management may be entitled to a company car. Such benefits are reported under "Non-cash benefits".
- Members of Group Management may receive certain fringe benefits in the form of discounts. Provided that such benefits do not exceed the value of CHF 500 per case, and the total of such benefits does not exceed an aggregate value of CHF 20 000 per fiscal year, they are not reported.
- Any contributions to post-employment benefit plans, executive insurance plans, or private insurances are reported as "Pension expenses".
- The compensation of the members of Group Management was in some cases borne directly by ALSO Holding AG and in other cases indirectly by subsidiaries through intercompany charging.

5.2 Aggregate compensation – Board of Directors

At the Annual General Meeting on March 24, 2020, shareholders approved maximum fixed total compensation of CHF 0.8 million for fiscal year 2020.

The members of the Board of Directors do not receive any variable compensation for their activities.

Aggregate compensation – Board of Directors

CHF 1 000	Fixed, cash (gross)	Pension expenses	Total 2020
Gustavo Möller-Hergt Chairman/executive member	–	–	–
Walter P. J. Droege [1), 3), 4)] Vice Chairman	140		140
Rudolf Marty [2), 5)]	90	4	94
Frank Tanski [1), 2), 3), 7)]	331		331
Peter Athanas [1), 2), 3), 6)]	100	4	104
Ernest-W. Droege	80		80
Total compensation	**741**	**8**	**749**
Approved at the Annual General Meeting			800

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. For his compensation, please refer to the section on compensation of the members of Group Management. All other members of the Board of Directors are non-executive members.
1) Member of the Board Committee
2) Member of the Audit Committee
3) Member of the Compensation and Nomination Committee
4) Including compensation as Chairman of the Board Committee
5) Including compensation as Chairman of the Audit Committee
6) Including compensation as Chairman of the Compensation and Nomination Committee
7) Including an additional fixed amount of CHF 236 000 as compensation for additional expenses due to extraordinary activities beyond the Board of Directors mandate

5.3 Aggregate compensation – Group Management

At the Annual General Meeting on March 24, 2020, shareholders approved maximum fixed total compensation of EUR 1.5 million and maximum variable total compensation of EUR 4.5 million for fiscal year 2020.

In the reporting period, cash bonus for Gustavo Möller-Hergt was 82 percent (previous year: 78 percent) of his total compensation. For the members of Group Management, the average cash bonus was 78 percent (previous year: 77 percent). The increase in total compensation compared to the previous year is due to the expansion of the Group Management through the appointment of two new members (see also section 2 of this report) as well as to the increased EBT.

The Annual General Meeting approves the compensation of the members of Group Management in euros, since the compensation is paid out mostly in this currency. This allows for deviations between approved and effective compensation as a result of exchange rate changes to be avoided. For this reason, ALSO presents the compensation in EUR as well as in CHF.

Aggregate compensation – Group Management in CHF

CHF 1 000	Fixed compensation				Variable compensation	
	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed total compensation	Cash bonus (gross)	Total 2020
Group Management						
Total	**837**	**34**	**474**	**1 345**	**4 810**	**6 155**
Highest individual compensation						
Gustavo Möller-Hergt	332	16	291	639	2 880	**3 519**

Translated into CHF using average exchange rates 2020 (EUR/CHF 1.0705)

Aggregate compensation – Group Management in EUR

EUR 1 000	Fixed compensation				Variable compensation	
	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed total compensation	Cash bonus (gross)	Total 2020
Group Management						
Total	**782**	**32**	**443**	**1 257**	**4 493**	**5 750**
Approved at the Annual General Meeting				1 500	4 500	**6 000**
Highest individual compensation						
Gustavo Möller-Hergt	310	15	272	597	2 690	**3 287**

6. Compensation for the prior year

6.1 General

The disclosed compensation of the members of the Board of Directors and Group Management includes all compensation paid for the entire fiscal year of 2019. The additions and restrictions in 5.1 also apply to compensation for the previous year.

6.2 Aggregate compensation – Board of Directors

At the Annual General Meeting on March 29, 2019, shareholders approved maximum fixed total compensation of CHF 0.7 million for fiscal year 2019.

The members of the Board of Directors do not receive any variable compensation for their activities.

Aggregate compensation – Board of Directors

CHF 1 000	Fixed, cash (gross)	Pension expenses	Total 2019
Gustavo Möller-Hergt Chairman/executive member	–	–	–
Walter P. J. Droege [1),3),4)] Vice Chairman	140		140
Karl Hofstetter [7)]	20	1	21
Rudolf Marty [2),5)]	90	4	94
Frank Tanski [1),2),3)]	95		95
Peter Athanas [1),2),3),6)]	100	5	105
Ernest-W. Droege	80		80
Total compensation	**525**	**10**	**535**
Approved at the Annual General Meeting			700

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. For his compensation, please refer to the section on compensation of the members of Group Management. All other members of the Board of Directors are non-executive members.

1) Member of the Board Committee
2) Member of the Audit Committee
3) Member of the Compensation and Nomination Committee
4) Including compensation as Chairman of the Board Committee
5) Including compensation as Chairman of the Audit Committee
6) Including compensation as Chairman of the Compensation and Nomination Committee
7) Karl Hofstetter resigned on the date of the Annual General Meeting (March 29, 2019). Compensation until the 2019 Annual General Meeting.

6.3 Aggregate compensation – Group Management

At the Annual General Meeting on March 29, 2019, shareholders approved maximum fixed total compensation of EUR 1.5 million and maximum variable total compensation of EUR 3.8 million for fiscal year 2019.

The Annual General Meeting approves the compensation of the members of Group Management in euros, since the compensation is paid out mostly in this currency. This allows for deviations between approved and effective compensation as a result of exchange rate changes to be avoided. For this reason, ALSO presents the compensation in EUR as well as in CHF.

7. Compensation paid to former members of governing bodies

In the reporting year, no compensation was paid to former members of the Board of Directors. An agreed benefit payment of CHF 78 712 was made to one former member of Group Management.

A benefit payment of CHF 81 793 was made to a former member of Group Management in the previous year.

Aggregate compensation – Group Management in CHF

CHF 1 000	Fixed compensation				Variable compensation	
	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed total compensation	Cash bonus (gross)	Total 2019
Group Management						
Total	**625**	**27**	**489**	**1 141**	**3 824**	**4 965**
Highest individual compensation						
Gustavo Möller-Hergt	345	16	303	664	2 325	**2 989**

Translated into CHF using average exchange rates 2019 (EUR/CHF 1.1124)

Aggregate compensation – Group Management in EUR

EUR 1 000	Fixed compensation				Variable compensation	
	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed total compensation	Cash bonus (gross)	Total 2019
Group Management						
Total	**562**	**24**	**440**	**1 026**	**3 438**	**4 463**
Approved at the Annual General Meeting				1 500	3 800	**5 300**
Highest individual compensation						
Gustavo Möller-Hergt	310	14	272	597	2 090	**2 687**

8. Compensation paid to related parties

Neither in the reporting year, nor in the prior year, was any compensation paid by ALSO Holding AG, or any other Group company, to any related parties of present or former members of the governing bodies.

9. Loans and borrowing facilities

9.1 Current and former members of the governing bodies

The company does not grant loans or credits to members of the Board of Directors or Group Management. Neither in the reporting year, nor in the prior year, were any loans or credits granted by ALSO Holding AG, or any other Group company, to any present or former members of the governing bodies, nor were any such loans or credits outstanding at December 31, 2020.

9.2 Related parties

Neither in the reporting year, nor in the prior year, were any loans or credits granted by ALSO Holding AG, or any other Group company, to any related parties of present or former members of the governing bodies, nor were any such loans or credits outstanding at December 31, 2020.

EY

Report of the statutory auditor on the compensation report

To the General Meeting of
ALSO Holding AG, Emmen

Zurich, February 18, 2021

We have audited the compensation report of ALSO Holding AG for the year ended December 31, 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in paragraphs 5 to 9 on pages 59 to 63 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

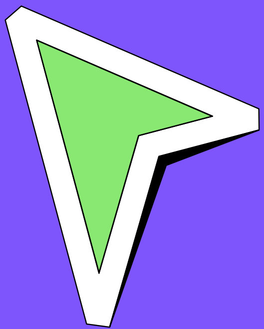
In our opinion, the compensation report for the year ended December 31, 2020 of ALSO Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

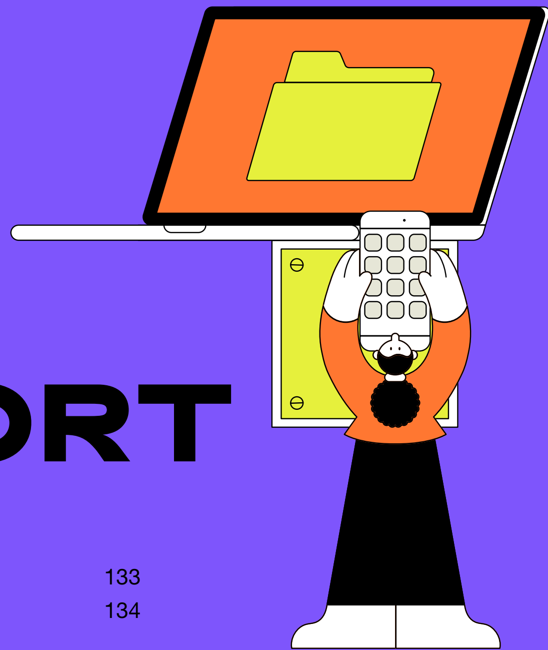
Other matter

The compensation report of ALSO Holding AG for the year ended December 31, 2019 was audited by another statutory auditor who expressed an unmodified opinion on February 19, 2020.

Ernst & Young Ltd

Simon Zogg	**Christian Schibler**
Licensed audit expert	Licensed audit expert
(Auditor in charge)	





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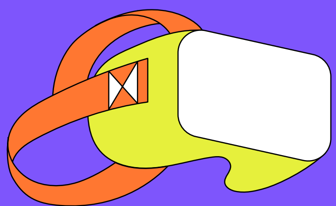


CONSOLIDATED INCOME STATEMENT

EUR 1 000	Note	2020		2019	
Total net sales	4.1	**11 898 367**	100.0 %	**10 692 669**	100.0 %
Cost of goods sold and services provided		–11 258 967		–10 091 510	
Gross profit		**639 400**	5.4 %	**601 159**	5.6 %
Personnel expenses	4.2	–238 972		–231 235	
Other operating expenses	4.4	–194 535		–192 969	
Other operating income	4.4	21 643		19 765	
EBITDA		**227 536**	1.9 %	**196 720**	1.8 %
Depreciation and amortization	5.5/5.6	–42 200		–38 830	
Operating profit (EBIT)		**185 336**	1.6 %	**157 890**	1.5 %
Financial income	4.5	5 813		1 960	
Financial expenses	4.5	–23 432		–25 067	
Profit before tax (EBT)		**167 717**	1.4 %	**134 783**	1.3 %
Income taxes	4.6	–37 746		–34 485	
Net profit Group		**129 971**	1.1 %	**100 298**	0.9 %
Attributable to shareholders of ALSO Holding AG		130 060		99 991	
Attributable to non-controlling interests		–89		307	
Earnings per share in EUR [1]					
Basic earnings per share	5.13	10.14		7.80	
Diluted earnings per share	5.13	10.14		7.80	

1) Attributable to the shareholders of ALSO Holding AG

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	Note	2020	2019
Profit for the year recognized in the consolidated income statement		**129 971**	**100 298**
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS			
Remeasurement of defined benefit plans		2 718	–4 692
Tax effects thereof	4.6	–343	642
Subtotal		**2 375**	**–4 050**
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS			
Exchange differences		–3 296	3 721
Fair value adjustments on cash flow hedges		–903	–5 550
Tax effects thereof	4.6	447	1 667
Subtotal		**–3 752**	**–162**
Other comprehensive income		**–1 377**	**–4 212**
Total comprehensive income		**128 594**	**96 086**
Attributable to shareholders of ALSO Holding AG		128 683	95 779
Attributable to non-controlling interests		–89	307

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR 1 000	Note	12.31.2020		12.31.2019	
CURRENT ASSETS					
Cash and cash equivalents	5.1	483 162		349 464	
Trade receivables	5.2	827 991		747 183	
Inventories	5.3	729 422		915 302	
Prepaid expenses, accrued income and other receivables	5.4	434 417		395 842	
Derivative financial instruments	6.2	599		426	
Total current assets		**2 475 591**	85.9 %	**2 408 217**	85.3 %
NON-CURRENT ASSETS					
Property, plant and equipment	5.5	169 566		188 479	
Intangible assets	5.6	197 198		199 656	
Financial assets	6.2	11 137		11 112	
Derivative financial instruments	6.2	197		449	
Deferred tax assets	4.6	28 409		15 719	
Total non-current assets		**406 507**	14.1 %	**415 415**	14.7 %
Total assets		**2 882 098**	100.0 %	**2 823 632**	100.0 %

The accompanying notes form an integral part of the consolidated financial statements.

Liabilities and equity

EUR 1 000	Note	12.31.2020		12.31.2019	
CURRENT LIABILITIES					
Financial liabilities	5.8	108 223		88 592	
Trade payables		1 310 642		1 271 464	
Accrued expenses, deferred income and other payables	5.9	248 456		266 668	
Derivative financial instruments	6.2	683		2 319	
Tax liabilities		13 686		7 388	
Provisions	5.10	6 655		6 634	
Total current liabilities		**1 688 345**	58.6 %	**1 643 065**	58.2 %
NON-CURRENT LIABILITIES					
Financial liabilities	5.8	337 070		408 681	
Provisions	5.10	4 552		5 672	
Derivative financial instruments	6.2	10 879		10 413	
Deferred tax liabilities	4.6	6 742		6 740	
Employee benefits	4.3	13 185		16 798	
Total non-current liabilities		**372 428**	12.9 %	**448 304**	15.9 %
Total liabilities		**2 060 773**	71.5 %	**2 091 369**	74.1 %
EQUITY					
Share capital		9 960		9 960	
Capital reserves		30 605		69 943	
Treasury shares	5.11	–1 822		–1 822	
Cash flow hedge reserve		–8 287		–7 788	
Exchange differences		759		4 012	
Remeasurement of defined benefit plans		–10 422		–12 797	
Retained earnings		800 190		670 372	
Equity attributable to ALSO shareholders		**820 983**	28.5 %	**731 880**	25.9 %
Non-controlling interests		342		383	
Total equity		**821 325**	28.5 %	**732 263**	25.9 %
Total liabilities and equity		**2 882 098**	100.0 %	**2 823 632**	100.0 %

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Note	Share capital	Capital reserves	Treasury shares	Other reserves [1]	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total
January 1, 2020		**9 960**	**69 943**	**–1 822**	**–16 573**	**670 372**	**731 880**	**383**	**732 263**
Net profit Group		0	0	0	0	130 060	130 060	–89	129 971
Other comprehensive income		0	0	0	–1 377	0	–1 377	0	–1 377
Total comprehensive income		**0**	**0**	**0**	**–1 377**	**130 060**	**128 683**	**–89**	**128 594**
Distributions to shareholders	5.13	0	–39 338	0	0	0	–39 338	0	–39 338
Remeasurement of put options on shares of non-controlling interests	2.7	0	0	0	0	–242	–242	48	–194
December 31, 2020		**9 960**	**30 605**	**–1 822**	**–17 950**	**800 190**	**820 983**	**342**	**821 325**
January 1, 2019		**9 960**	**104 277**	**–1 822**	**–12 361**	**570 398**	**670 452**	**204**	**670 656**
Net profit Group		0	0	0	0	99 991	99 991	307	100 298
Other comprehensive income		0	0	0	–4 212	0	–4 212	0	–4 212
Total comprehensive income		**0**	**0**	**0**	**–4 212**	**99 991**	**95 779**	**307**	**96 086**
Distributions to shareholders	5.13	0	–34 334	0	0	0	–34 334	0	–34 334
Acquisition of non-controlling interests	3	0	0	0	0	0	0	105	105
Remeasurement of put options on shares of non-controlling interests	2.7	0	0	0	0	–17	–17	–233	–250
December 31, 2019		**9 960**	**69 943**	**–1 822**	**–16 573**	**670 372**	**731 880**	**383**	**732 263**

1) See Note 5.12

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	2020	2019
Net profit Group	**129 971**	**100 298**
Depreciation and amortization	42 200	38 830
Change of provisions and employee benefits	–2 031	–2 172
Losses from the sale of non-current assets	274	93
Other non-cash items	–7 194	2 152
Subtotal	**163 220**	**139 201**
Change in trade receivables	–117 898	–62 609
Change in receivables from factoring	–23 981	–49 981
Change in inventories	174 714	110 310
Change in prepaid expenses, accrued income and other receivables	–16 217	16 120
Change in trade payables	47 738	147 574
Change in accrued expenses, deferred income and other payables	18 579	11 493
Cash flow from operating activities	**246 155**	**312 108**
Net cash flow from acquisitions of subsidiaries (see Note 3)	–2 293	–57 367
Payment of contingent consideration from acquisitions of subsidiaries (see Note 3)	–5 922	–1 241
Additions to property, plant and equipment	–6 804	–7 566
Additions to intangible assets	–4 878	–3 913
Disposals of property, plant and equipment	297	254
Disposals/additions of financial assets	1	–2 782
Cash flow from investing activities	**–19 599**	**–72 615**

EUR 1 000	2020	2019
Distributions to shareholders	–39 338	–34 334
Net cash flow from acquisitions of non-controlling interests (see Note 3)	–1 855	0
Proceeds from increase of financial liabilities	0	61 000
Repayments of financial liabilities	–40 002	–125 573
Repayments from factoring liabilities	–9 204	–34 400
Cash flow from financing activities	**–90 399**	**–133 307**
Exchange differences from cash and cash equivalents	–2 459	2 873
Change in cash and cash equivalents	**133 698**	**109 059**
Cash and cash equivalents at January 1	349 464	240 405
Cash and cash equivalents at December 31	**483 162**	**349 464**
INCLUDED IN CASH FLOW FROM OPERATING ACTIVITIES		
Income taxes paid	34 674	38 450
Interest paid	18 923	21 716
Interest received	739	766

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The basis of ALSO's business models are the two customer categories "providers" and "buyers". The ALSO Group has a portfolio of more than 700 vendors in the ICT product categories of hardware, software, and IT services, including all global market leaders. We offer the vendors access to a broad spectrum of buyers, who can call up further customized services in the logistics, finance, IT, and digital services sectors, as well as traditional distribution services. ALSO offers services along the entire value chain from a single source.

On the basis of a European B2B marketplace, the customers are enabled to sustainably shape and develop their businesses.

2. Accounting policies

2.1 Basis of preparation

The ALSO Group's consolidated financial statements are prepared in accordance with the requirements of the Swiss Code of Obligations and the International Financial Reporting Standards (IFRS), as well as the accounting and measurement principles described below. The consolidated financial statements are prepared on the assumption of a going concern. The consolidated financial statements are prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value. The financial statements are available in German and English, of which the German version is binding.

These consolidated financial statements for the fiscal year 2020 of ALSO Holding AG, Meierhofstrasse 5, CH-6032 Emmen inclusive all of its directly or indirectly controlled subsidiaries are presented in EUR (reporting currency), since the majority of revenues are generated in the euro area. For clarity, all values are presented in thousands of euros (TEUR). The functional currency of the parent company is CHF.

2.2 Significant changes in the accounting and measurement principles

The accounting policies adopted are consistent with those of the previous fiscal year except for those new and amended standards and interpretations effective from January 1, 2020, which are listed below. A description of the changes and their impact on the consolidated financial statements is provided below if they materially affect the financial position, performance, or cash flow situation of ALSO:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform — Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16), early adopted

None of the changes have any material effect on the financial position, performance, or cash flow situation of ALSO.

2.3 Published standards, interpretations, and amendments not yet applied

The following standards, interpretations, and amendments which have been issued but not yet applied by ALSO are being constantly analyzed by ALSO for their impact on the consolidated financial statements:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective January 1, 2021
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) – effective January 1, 2022
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) - effective January 1, 2022
- Annual Improvements to IFRS Standards 2018–2020 – effective January 1, 2022
- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective January 1, 2023

From today's perspective, the application of these changes will not have any material effects on the financial position, performance, or cash flow situation of ALSO. ALSO applies the changes for the first time as from the fiscal year following the date stated in the standard.

2.4 Key assumptions and estimates

Preparation of the financial statements in accordance with IFRS requires management to make certain assumptions and estimates which influence the figures presented in this report. The necessary analyses and assessments are continuously reviewed and modified if necessary. However, the actual results may differ from these estimates. The main items whose amount and presentation materially depend on assumptions and estimates are as follows:

Vendor bonuses

The accruals of vendor receivables for bonuses contain estimates which are based on various factors such as sales volumes, quantities, stock levels, and other qualitative and quantitative targets. The amount recognized for the bonuses depends mainly on the attainment of the agreed targets. The bonus models vary between the vendors see Note 5.4.

Impairment of goodwill

ALSO tests the capitalized goodwill at least once per year for impairment. This requires an assessment of the value in use of an underlying cash-generating unit or group of cash-generating units. The estimates of factors such as volumes, sales prices, sales growth, gross margin, operating expenses and investments, market conditions, balance sheet structure, and other economic factors, as well as parameters (e.g. discount rates) derived from external data, are based on assumptions that management considers reasonable see Note 5.7.

Deferred tax assets

Deferred tax assets are determined on the basis of estimates. The forecasts that are made for this purpose cover a timeframe of several years and include interpretations of existing tax laws and ordinances as well as changes in tax rates see Note 4.6.

Sale of trade receivables

In various countries, ALSO sells trade receivables to independent factoring companies. The assessment of whether the contractual arrangements of the factoring programs result in a significant transfer of risk, and the associated derecognition of the receivables, has a significant influence on the balance sheet of ALSO see Note 6.8.

Employee benefits

In various countries there are defined benefit plans. The defined benefit liability is based partly on long-term actuarial assumptions which may differ from actual future developments. Determination of the discount rate, the future development of salaries and pensions, and life expectancy are important components of the actuarial measurement see Note 4.3.

2.5 Scope of consolidation

These consolidated financial statements include the annual financial statements as of December 31 of ALSO Holding AG and of the companies over which ALSO has control. ALSO controls a subsidiary when ALSO is exposed to the risks of the entity, has rights to variable returns from its involvement in the entity, and can affect these returns through exercise of its power over the entity. By this definition, ALSO controls SINAS Beteiligungs GmbH & Co. Vermietungs-KG, even though less than half of its voting shares are owned by ALSO. With the opening of insolvency proceedings under self-administration, ALSO lost control of ALSO Logistics Services GmbH in 2015. Nevertheless, as a member of the Creditor Committee, ALSO exercises significant influence on ALSO Logistics Services GmbH. Furthermore, ALSO owns 9.9 % of the voting rights of ALSO Financial Services GmbH. ALSO exercises significant influence on the entity and accounts for ALSO Financial Services GmbH using the equity method.

With the opening of insolvency proceedings under self-administration, ALSO lost control of ALSO Digital Holding B.V. in liquidation on Mai 15, 2018. In 2020, the insolvency proceedings were completed. ALSO Digital Holding B.V. in liquidation was under the management of the insolvency administrator. ALSO was not authorized to issue instructions to the insolvency administrator. Despite holding 51 % of the voting rights in ALSO Digital Holding B.V. in liquidation, ALSO therefore had no control over this company.

Subsidiaries are fully consolidated from the date on which control is transferred to ALSO and deconsolidated from the date that control ceases. Group companies are listed in Note 6.5.

Changes in 2020

The following company was acquired by the ALSO Group in 2020 and was included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
Austria	Gun-trams-dorf	dicom Computer-Vertriebsges.m.b.H.	100.0 %

Changes in 2019

The following companies were acquired by the ALSO Group in 2019 and were included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
Belgium	Gent	AllThingsTalk NV	100.0 %
Bulgaria	Sofia	ALSO Bulgaria OOD (former Solytron Bulgaria EOOD)	100.0 %
Croatia	Zagreb	ALSO Croatia d.o.o.	100.0 %
Lithuania	Vilnius	UAB «ABC Data Lietuva»	100.0 %
Poland	Warsaw	Roseville Investments sp. z o.o. (merged with ALSO Polska sp. z o.o.)	100.0 %
	Warsaw	iSource S.A.	100.0 %
	Warsaw	S4E S.A.	81.3 %
Romania	Bucharest	ALSO Technology SRL (former ABC Data Distributie SRL)	100.0 %
Slovakia	Bratislava	ALSO Slovakia s.r.o. (former ABC Data s.r.o.)	100.0 %
Hungary	Budapest	ALSO Hungary Kft. (former ABC Data Hungary Kft.)	100.0 %

2.6 Consolidation method

The consolidated financial statements are based on the financial statements of the individual Group companies, which are prepared using consistent accounting and measurement policies throughout the Group.

Assets and liabilities, as well as income and expenses, are included at their full amounts, and non-controlling interests in equity and net profit are shown separately.

All intragroup transactions (expenses, income, assets, and liabilities), as well as material unrealized gains from intragroup sales of assets which have not yet been sold to third parties, are eliminated.

2.7 Acquisitions

Acquisitions are accounted for using the acquisition method. If the consideration transferred for the acquisition of an entity exceeds the underlying fair value of the identifiable net assets that are acquired, the excess represents goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units that are expected to benefit, or generate future cash flows, from the combination. The goodwill is recognized in the cash-generating unit's functional currency.

Acquisition costs are recognized as expense and reported as other operating expenses.

For each business combination, the acquirer measures the non-controlling interests in the acquired entity either at fair value or in proportion to the identifiable net assets of the acquired entity.

Contingent liabilities that are acquired through the acquisition, and whose fair value can be reliably determined, are recognized in the acquisition balance sheet as liabilities at their fair value.

The results of the acquired companies are recognized from the date on which the Group obtains control. When an entity leaves the scope of the consolidation, the difference between the consideration received and the net assets plus accumulated foreign exchange differences at the date on which the Group loses control of the entity is recognized in the financial result.

If a business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and a resulting gain or loss relating to the previously held equity interest is recognized through profit or loss.

If the Group undertakes a business combination with put options that are held by shareholders of non-controlling interests and does not thereby obtain ownership, the non-controlling interests continue to be allocated a share in the profits. At the end of each reporting period, the allocation is recognized as a financial liability as if the acquisition had taken place at this date. Any excess over the reclassified amount, and all changes in the present value of the financial liability, are recognized in retained earnings.

A change in the ownership interest in a subsidiary without loss of control is recognized as an equity transaction.

2.8 Investments in associates

Entities over which ALSO has significant influence, but not control, are accounted for by the equity method. ALSO is generally considered to have significant influence if it holds an interest of between 20 % and 50 % in an entity. Under the equity method, the investment is initially recognized at cost. In subsequent measurements, the carrying amount is increased by the share in profits of the entity and reduced by its share in losses and by dividend payments received from the entity. If the share in losses of the entity equal or exceed its carrying amount, ALSO ceases to recognize its share in losses. Provisions are recognized for any further share in losses if ALSO has a legal or constructive obligation.

The book value of investments in associates consists of the share in net assets and goodwill.

At each reporting date, ALSO tests for objective indications of impairment. Any impairment loss is recognized through profit or loss.

2.9 Translation of foreign currency

Each entity of the Group determines its own functional currency. The functional currency of the Group companies is the normal currency of their local economic environment. Transactions in foreign currencies are translated into the respective functional currency at the spot rate that applies at the date of the transaction. All exchange gains and losses arising on transactions in foreign currencies, or on translation of monetary assets, are recognized in profit or loss.

Exchange gains on certain loans with equity-like nature are recognized in other comprehensive income provided that repayment of the loan is not planned or intended in the near future. Such exchange gains are recognized in other comprehensive income and only reclassified to the financial result upon loss of control of the entity.

The annual financial statements of the foreign operations that have a functional currency different from the Group reporting currency are translated into the Group reporting currency (EUR) as follows:

- statement of financial position at year-end rates;
- income statement and statement of comprehensive income at average annual rates;
- statement of cash flows at average annual rates.

Exchange differences arising on the translation of financial statements of entities whose functional currency is not the euro are recognized in other comprehensive income and on eventual loss of control of the subsidiary are reclassified to the financial result.

Exchange rates to EUR

in EUR		Year-end rate		Average rate	
		2020	2019	2020	2019
USA	USD	1.2271	1.1234	1.1422	1.1195
Switzerland	CHF	1.0802	1.0854	1.0705	1.1124
Norway	NOK	10.4703	9.8638	10.7228	9.8511
Denmark	DKK	7.4409	7.4715	7.4542	7.4661
Sweden	SEK	10.0343	10.4468	10.4848	10.5891
Poland	PLN	4.5597	4.2568	4.4430	4.2976

2.10 Total net sales

Total net sales comprise invoiced deliveries of goods and services and other sales-related revenue.

Sales are recognized at a point of time when the control of the products or services has transferred to the customer and the performance obligation is fulfilled. The probability that the economic benefits associated with the transaction will flow to ALSO is taken into account. A customer has taken over control if he has the ability to direct the use of the product or service and obtains substantially all of the remaining benefits. An important indication of this is the transfer of risk and reward to the customer.

Both for the traditional transactional business models and for trading business with products that form part of comprehensive solutions, there is only a short interval between concluding the contract and performing the service/recognizing net sales.

Services performed for customers on the basis of service contracts are of a transactional nature or are provided over short periods that form the basis for billing to customers. Thus, net sales are recognized at a specific date and not over a period.

Accruals for discounts and allowances granted to customers are recognized as a reduction in revenue at the time the related revenue is recognized. They are calculated on the basis of the specific terms of the individual agreements and the underlying revenues.

ALSO does not have any material, unsatisfied performance obligations.

2.11 Personnel expenses/employee benefit plans

In addition to the actual remuneration for services rendered (wages, salaries, and bonuses), personnel expenses also include ancillary personnel costs and social security contributions. Awards for years of service are also recognized as personnel expenses over the underlying period of service and accrued accordingly.

The companies of the ALSO Group operate various employee benefit plans according to the local conditions and practices in the respective countries.

Defined contribution plans are post-employment plans under which the Group pays fixed contributions into a separate fund and is neither legally nor de facto obliged to pay further contributions.

For defined benefit pension plans, the costs of providing benefits as well as the required provisions are defined actuarily using the projected unit credit method. In the case of plans that provide higher benefit growth in later years (backloading), the benefits that can be acquired are assigned on the basis of the net liability excluding future employee-funded benefit components. The liabilities are backed with assets which are managed by autonomous separately funded benefit plans or with provisions for employee benefits which are recognized in the financial statements of the relevant entities.

A surplus in a defined benefit plan is only recognized to the amount of the future economic benefits that are available in the form of reductions in contributions or repayments, taking into account the upper limit for the asset (asset ceiling). A defined benefit obligation is fully recognized as a provision.

Pension costs are composed of three elements:

- Service costs, which are part of personnel expenses, and consist of current service costs, past service costs, and gains/losses from plan settlements;
- Net interest, which is recorded in the financial result, and is determined by applying the discount rate to the net defined benefit liability, or net defined benefit asset, that exists at the beginning of the year;
- Gains and losses resulting from actuarial remeasurement, which are immediately recognized in other comprehensive income as remeasurements of employee benefits. Remeasurements of employee benefits are not recycled through the income statement at any later point in time.

2.12 Capital participation plans

Until February 8, 2011, the ALSO Group granted shares and options of ALSO Holding AG to then members of Group Management. The exercise period for the options ended in 2020.

Under the terms of the share plan, the shares that were granted passed into the ownership of the beneficiaries with all associated rights, but subject to a vesting period of three years during which they may not be sold.

Under the terms of the option plan, the beneficiaries received on an annual basis option rights for the purchase of shares of ALSO Holding AG at a predetermined price. The options could only be exercised after a vesting period of three years. Payment in cash is not permitted.

The fair value of the option premiums from the capital participation plan see Note 6.6 as determined according to the Hull-White model was charged to personnel expenses over the vesting period of three years.

2.13 Financial assets

Financial assets mainly comprise cash and cash equivalents, trade receivables, prepaid expenses, accrued income refer to Note 5.4, and other receivables as well as financial assets.

Financial assets are categorized as follows:

- "Amortized costs": Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.
- "At fair value through other comprehensive income": Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest.
- All other financial assets are recorded "at fair value through profit or loss". In addition, certain financial instruments may also be voluntarily allocated to this category if the relevant conditions are met.

The classification depends on the purpose for which the respective financial assets were acquired and on the contractual cash flows. Management determines the classification of financial assets at their initial recognition and reassesses the classification at each reporting date. Financial assets are initially recognized at fair value plus transaction costs. Financial assets in the category "fair value through profit or loss" are recognized exclusively at fair value. Trade receivables are recognized at transaction price. All purchases and sales are recognized on the trade date.

After their initial recognition, financial assets are measured depending on their category as follows:

- "Amortized costs": At amortized cost using the effective interest method (equal distribution of cashflows during the term resulting in a zero difference of net present value).
- "At fair value through other comprehensive income": At fair value. Any unrealized changes in value are recognized in other comprehensive income, except for interest that was calculated using the effective interest method, impairments and exchange rate fluctuations on borrowing instruments. In the case of sale, or other disposal, the cumulative gains and losses that are recognized in equity are reclassified into the net financial result (financial income, financial expense) of the current reporting period.
- "At fair value through profit or loss": At fair value. If the fair value is not readily available, it must be calculated using a recognized valuation model. Any changes in fair value are recognized in the income statement under net financial result (financial income or financial expense) or cost of goods sold for the respective reporting period.

In accordance with IFRS 9, ALSO recognizes impairment losses on financial assets based on expected losses. The application to "trade receivables" is described in Note 2.16.

Default risks on Prepaid expenses, accrued income and other receivables as well as on financial assets are estimated at a low level. In this case, IFRS 9 requires the recognition of those losses that are expected to occur within the next 12 months.

2.14 Hedge accounting

To hedge its interest and currency risks that result from its operating activities, financial transactions and investments, ALSO uses derivative financial instruments. The method used to recognize the resulting gain or loss on derivative financial instruments depends on whether the instrument is designed to hedge a specific risk and whether the hedge qualifies for hedge accounting.

ALSO uses derivative financial instruments to hedge foreseen transactions or fixed obligations. If the derivative financial instrument that is used qualifies as a cash flow hedge when the contract is entered into, changes in value of the effective component of this derivative are recognized in income statement. The ineffective component is recognized in profit or loss. At the date of initial recognition of the hedged asset or liability, or expense or income, the changes in value that were recognized in other comprehensive income are included in the respective hedged item.

The purpose of hedge accounting is to offset the changes in the hedged item and the hedging instrument in the statement of comprehensive income. To qualify as hedge accounting, the hedging relationship must meet the requirements regarding eligibility of the hedged item and hedging instrument, formal designation and documentation and effectiveness of the hedging relationship. Both at hedge inception and throughout the lifetime of the hedge, ALSO therefore documents its assessment of whether the hedge is highly effective in offsetting the risks of changes in fair values or cash flows resulting from changes in fair value of the hedging instrument.

Hedge accounting is especially not used for forward contracts, which represent effective hedges both economically and within the Group strategy. Depending on the economic background, changes in the market values of these derivative financial instruments are recognized in the income statement either in the gross margin (currency hedging) or the financial result (interest rate hedging).

2.15 Cash and cash equivalents

In addition to cash on hand and current account balances, cash equivalents also include time deposits with an original term of up to three months.

2.16 Trade receivables

Trade receivables are recognized at transaction price less provision for impairment. The Expected Credit Loss model is used for this purpose. Default rates based on historical experience, adjusted to forward looking information, are offset against the contractually foreseen payment streams.

ALSO applies the simplified Expected Credit Loss model for its trade receivables, which provides for expected losses over all the remaining lifetime from the recognition date of the receivables.

The impairment of trade receivables takes place indirectly through a separate impairment account. The impairment charged to the income statement in the reporting period is reported under other operating expenses. Should a trade receivable no longer be collectable, the receivable, along with any impairment that has already been charged, is derecognized. Should a payment subsequently be received, it is credited to other operating income.

2.17 Inventories

Inventories are recognized at the lower of purchase cost and net realizable value. The purchase costs contain all purchase and overhead costs incurred in bringing each product to its present location and condition. The inventories are valued using the weighted-average purchase price method. Value adjustments are made for slow-moving inventories or inventories with purchase cost higher than market value. Unsaleable inventories are written off in full.

2.18 Property, plant and equipment

Property, plant and equipment is valued at acquisition cost minus economically necessary depreciation. Borrowing costs of qualified assets (which means project duration greater than 12 months) are additionally capitalized. Maintenance and repair costs with no added value are not capitalized. Significant investments are broken down into their constituent parts if the estimated useful lives of the separate components differ.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Impairments are recognized under depreciation and shown separately in the assets analysis. The depreciation method as well as the estimated residual values and useful lives are reviewed annually.

Land	Not depreciated
Buildings	Useful life 25 years
Equipment	Useful life 2 – 15 years
Other property, plant and equipment	Useful life 4 – 10 years

2.19 Leases

Right-of-use assets and lease liabilities are recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. Right-of-use assets are presented in property, plant and equipment.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, ALSO's incremental borrowing rate. The lease term includes the non-cancellable period for which the asset is used, and extension/termination options are considered if ALSO is reasonably certain to exercise it. Lease liabilities are presented in short-/long-term financial liabilities.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful live is determined on the same basis as those of property, plant and equipment.

ALSO uses the recognition exemptions for lease contracts that have a lease term of 12 months or less and lease contracts for which the underlying asset is of low value.

2.20 Intangible assets

Intangible assets comprise goodwill and internally created software, as well as licenses, patents and similar rights, customer lists, brand names, and software, that are acquired from third parties. The amortization of all intangible assets with finite useful lives is calculated by the straight-line method over the expected useful life. Impairment losses are recognized under amortization and disclosed separately in the assets analysis.

Goodwill is not normally amortized but tests for impairment are performed annually as well as whenever there is an indication that the goodwill may be impaired. Material borrowing costs relating to qualifying assets (project duration greater than 12 months) are additionally capitalized.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized.

- Software — Useful life 3 – 7 years
- Customer lists — Useful life 3 – 5 years
- Other intangible assets — Useful life 3 years

2.21 Impairment

Goodwill is tested for impairment each year see Note 5.7. Impairment is determined by assessing the recoverable amount of the cash-generating unit (CGU or group of CGUs) to which the goodwill relates. The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, the cash flows for the next three years are estimated based on detailed budgets; beyond that period, a long-term growth rate is determined to forecast the future cash flows. The cash flows are then discounted at an appropriate discount rate. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. An impairment loss that is recognized against goodwill cannot be reversed in subsequent reporting periods.

Other non-current assets are tested for impairment whenever events or changed circumstances indicate a potential impairment. If there are indications of impairment, the recoverable amount of the asset is calculated. The recoverable amount of the non-current asset or CGU is the higher of its fair value less costs of disposal and its value in use. If the carrying amount exceeds the recoverable amount, the asset is written down to that amount. This special write-down (impairment) is reported separately in the assets analysis. An impairment reversal is possible if, at a later date, an impairment test shows that the loss in value no longer exists.

2.22 Factoring

The ALSO Group has sold or assigned some of its trade receivables to finance companies (factors). The receivables are only derecognized when substantially all of the risks contained in the receivables have been transferred to the purchaser of the receivables. Based on current legal agreements relating to factoring, all or significant portions of the customer default risk are transferred to the receivables purchaser. The interest risk remains with the ALSO Group until the date at which the receivables are received by the purchaser of the receivables or until the contractually agreed latest date. Securitization reserves are reported under other receivables.

The credit risk of factoring partners is assessed using ratings from Standard & Poor's, Moody's or Fitch see Note 6.7. As the risks are considered to be low, those losses are recorded that are expected to occur in the next 12 months. Receivables from factoring partners and dilution reserves are reported in the category "amortized costs".

Remaining bad debt, interest, and currency risks are recognized as continuing involvement in trade accounts receivable. This continuing involvement is offset by a corresponding liability, which also takes into account the risk of its utilization.

Payment of the purchase price by the factoring company takes place either when the payment is received by the factoring company or with interest at the request of ALSO. The still outstanding part of the purchase price receivable is reported under other receivables.

Interest expense and administration fees resulting from the sale of receivables are recognized in the financial result.

ALSO participates in reverse factoring programs implemented by certain vendors. Amounts owed for the purchase of goods or services but related to reverse factoring are presented within "trade payables" because the nature and function of the financial liability is not different from other trade payables.

2.23 Financial liabilities

Financial liabilities particularly include trade payables, liabilities to banks, other liabilities, liabilities from leases, and derivative financial liabilities.

Financial liabilities are separated into two categories. They are classified either as “at fair value through profit or loss”, or as “amortized costs”:

- “At fair value through profit or loss”: At their initial recognition and subsequently, these financial liabilities are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are expensed. Derivatives with a negative replacement value are by definition assigned to this category.
- “Amortized costs”: This category serves as the residual category and mainly comprises financial debt. Financial liabilities are measured at amortized cost using the effective interest method. In addition to actual interest payments, interest expense also includes annual compound interest and pro rata transaction costs.

2.24 Provisions

Provisions are liabilities of uncertain timing or amount. They are recognized if the ALSO Group has a legal or de facto present obligation from a past event, which will lead to a probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

Warranties in respect of products supplied or services rendered by ALSO give rise to legal or de facto obligations. Provisions for warranty-related costs are recognized at the date when the respective product is sold or service rendered. The amount of the necessary provision is based on historical experience and expected probabilities of future occurrence. The resulting expenses are normally limited to logistical processes for returning the defective products to the vendor. The cost of repair or replacement is borne by the vendor.

Restructuring provisions are only recognized when a detailed restructuring plan is available and its main features have been announced to all those affected by it.

If the effect of the time-value of money is material, non-current provisions are discounted.

2.25 Taxes

Taxes on income are accrued in the same periods as the revenue and expenses to which they relate, and are reported as tax liabilities. Deferred taxes include the income tax effects of temporary differences between the Group’s internal measurement criteria and the local tax measurement guidelines for assets and liabilities (comprehensive liability method). With this method, deferred taxes are created for temporary taxable differences. Deferred taxes are adjusted annually for any changes in local tax legislation. Tax-loss carry-forwards and deductible temporary differences are reported as deferred tax assets if it is sufficiently probable that future taxable profits will be adequate to utilize the respective deferred tax assets see Note 4.6.

Taxes that would have to be paid in the event of a payout of retained earnings in the subsidiaries are not accrued unless this type of payout is expected to be made in the near future.

2.26 Equity

Equity is composed of share capital, capital reserves, treasury shares, cash flow hedge reserves, exchange differences, remeasurement of defined benefit plans, retained earnings, and non-controlling interests.

The share capital represents the nominal capital of ALSO Holding AG. The capital reserves consist of all contributions to shareholders' equity received from outside the company other than share capital. Gains or losses resulting from the sale of treasury shares are also recognized in the capital reserves. The cash flow hedge reserve contains changes in the fair value of cash flow hedges. Under remeasurement of defined benefit plans, all actuarial gains and losses on the measurement of defined benefit plans are recognized. Under exchange differences, all exchange differences are recognized that result from translation of the financial statements of those Group companies whose functional currency is not the same as the reporting currency. Retained earnings comprise the gains/losses resulting from the decisions of the consolidated entities regarding the application of earnings that are carried forward to the new account and also includes the effects of the first-time adoption of new IFRS standards.

The share capital and the capital reserves are translated at historical exchange rates, dividends and other distributions at transactional exchange rates.

Dividends and other distributions to shareholders are charged to equity in the period in which they are declared.

3. Business combinations

Acquisition of dicom Computer-Vertriebsges.m.b.H.

On October 7, 2020, the ALSO Group acquired 100 % of the partners' shares of dicom Computer-Vertriebsges.m.b.H. Dicom, an unlisted company and value added distributor with registered office in Guntramsdorf, Austria, is specialized in the solutions and service business for B2B and public sector. The objective of the acquisition is to further develop the solutions and service business and the addition of product categories and vendor portfolios.

The consideration transferred for 100 % of the partners' shares was TEUR 4 569. In the purchase price allocation, a fair value of the net assets of TEUR 3 104 was identified. Goodwill of TEUR 1 465 was recognized. The goodwill mainly reflects the expected synergy effects from expanding the market position. The reported goodwill is not tax-deductible.

Cash for in amount of TEUR 2 276 was acquired. The fair value of the trade receivables amounts to TEUR 2 831 and consists of gross contractual amounts of TEUR 2 864 and a provision for bad debts in the amount of TEUR 33.

Since information is still outstanding, the purchase price allocation that was performed and revised at the reporting date is provisional.

Since the date of acquisition, Dicom has contributed TEUR 8 470 to the net sales and TEUR 218 to the net profit of ALSO.

The purchase price of TEUR 4 569 was paid in full by December 31, 2020.

Consequences of the acquisitions

If the acquisition had taken place at the beginning of the year, the net sales of ALSO for the period would have been TEUR 11 918 858 and the net profit TEUR 130 483. This information is provided for illustrative purposes only and is not necessarily indicative for the future results of the Group.

Purchase price payment All 4 U B.V.

In 2020, a purchase price in the amount of TEUR 3 436 for the acquisition of the All 4 U Group from 2017 was due. This amount had already been taken into account in the purchase price allocation as of December 31, 2017 refer to Note 5.8.

Earn-out and acquisition of non-controlling interest in BeIP S.A.S.

In 2020 an earn-out in the amount of TEUR 400 was paid for BeIP that was acquired in 2017. This purchase price had already been taken into account in the purchase price allocation as of December 31, 2017. Under the purchase agreement, ALSO has the option to purchase, and the counterparty the option to sell, the remaining voting shares. In 2020, the liability for the put options was increased by TEUR 194 in equity to the purchase price of TEUR 1 855 and subsequently settled.

Assets and liabilities from business combinations 2020

EUR 1 000	Fair values at the date of acquisition dicom Computer-Vertriebsges.m.b.H. [1)]
CURRENT ASSETS	
Cash and cash equivalents	2 276
Trade receivables	2 831
Inventories	714
Prepaid expenses, accrued income and other receivables	130
Total current assets	**5 951**
NON-CURRENT ASSETS	
Property, plant and equipment	41
Intangible assets	463
Total non-current assets	**504**
Total assets	**6 455**
CURRENT LIABILITIES	
Trade payables	2 450
Accrued expenses, deferred income and other payables	241
Tax liabilities	479
Provisions	15
Total current liabilities	**3 185**
NON-CURRENT LIABILITIES	
Provisions	50
Deferred tax liabilities	116
Total non-current liabilities	**166**
Total liabilities	**3 351**
Total net assets	3 104
Net assets attributable to ALSO	**3 104**
Goodwill	1 465
Consideration transferred	**4 569**

Assets and liabilities from business combinations 2020

EUR 1 000	Fair values at the date of acquisition dicom Computer-Vertriebsges.m.b.H. 1)
ANALYSIS OF CASH FLOWS FROM THE ACQUISITIONS	
Cash acquired	2 276
Cash paid	–4 569
Net cash outflow	**–2 293**

1) Provisional amounts

Business combinations 2019

Acquisition distribution business in Croatia

On January 4, 2019, the ALSO Group, through its subsidiary ALSO Croatia d.o.o., took over the assets and liabilities of Recro d.d. The objective of the acquisition is to further strengthen the market position in the Eastern European and Adriatic regions.

The provisional purchase price allocation was completed in 2020. There was no change in the measurement of the acquired net assets.

In 2020, a purchase price in the amount of TEUR 36 for the acquisition of the distribution business in Croatia from 2019 was due. This amount had already been taken into account in the purchase price allocation as of December 31, 2019.

Acquisition AllThingsTalk NV

On June 26, 2019, the ALSO Group acquired 100 % of the voting shares of AllThingsTalk NV. AllThingsTalk NV, an unlisted company with registered office in Gent, Belgium, is specialized in the development of an IoT (Internet of Things) enablement platform. The objective of the acquisition is to strengthen and further develop the expertise in the IoT business.

The provisional purchase price allocation was completed in 2020. There was no change in the measurement of the acquired net assets.

In 2020, a purchase price in the amount of TEUR 200 for the acquisition of AllThingsTalk was due. This amount had already been taken into account in the purchase price allocation as of December 31, 2019.

Acquisition business in Eastern Europe

On July 1, 2019, the ALSO Group, through its subsidiary Roseville Investments Sp. z o.o., took over the assets and liabilities of the ABC Data Group (consisting of ABC Data S.A., Poland; ABC Data Marketing Sp. z o.o., Poland; ABC Data s.r.o, Slovakia; UAB “ABC Data Lietuva”, Lithuania; ABC Data Hungary Kft., Hungary; ABC Data Distributie SRL, Romania; iSource S.A., Poland; S4E S.A., Poland). ABC Data operates in six Eastern European countries and is a leading East European supplier of IT equipment and consumer electronics. The objective of the acquisition is to strengthen the market position in Eastern Europe and to further develop the solution and service business.

The provisional purchase price allocation was completed in 2020. There was no change in the measurement of the acquired net assets.

Acquisition of Solytron Bulgaria EOOD

On October 29, 2019, the ALSO Group acquired 100 % of the voting shares of Solytron Bulgaria EOOD. Solytron Bulgaria EOOD, an unlisted company with registered office in Sofia, Bulgaria, is one of the leading IT disributors in Bulgaria. The objective of the acquisition is the expansion of the Eastern European business.

The provisional purchase price allocation was completed in 2020. There was no change in the measurement of the acquired net assets.

In 2020, an earn-out in the amount of TEUR 1 850 was paid for the acquisition of Solytron. This amount had already been taken into account in the purchase price allocation as of December 31, 2019.

Other acquisitions

In 2019, ALSO acquired the remaining voting shares in ALSO Polska sp. z o.o. for the amount of TEUR 0.

Assets and liabilities from business combinations 2019

EUR 1 000	Fair values at the date of acquisition				
	Solytron Bulgaria EOOD	ABC Data Group	AllThingsTalk NV	ALSO Croatia d.o.o.	Total
CURRENT ASSETS					
Cash and cash equivalents	79	7 165	65	–	7 309
Trade receivables	10 648	52 864	20	6 201	69 733
Inventories	12 651	85 933	31	3 775	102 390
Prepaid expenses, accrued income and other receivables	2 567	21 273	49	199	24 088
Total current assets	**25 945**	**167 235**	**165**	**10 175**	**203 520**
NON-CURRENT ASSETS					
Property, plant and equipment	156	7 759	12	13	7 940
Intangible assets	808	5 734	3 030	521	10 093
Financial assets	–	186	–	–	186
Deferred tax assets	206	4 255	667	–	5 128
Total non-current assets	**1 170**	**17 934**	**3 709**	**534**	**23 347**
Total assets	**27 115**	**185 169**	**3 874**	**10 709**	**226 867**

Assets and liabilities from business combinations 2019

EUR 1 000	Fair values at the date of acquisition				
	Solytron Bulgaria EOOD	ABC Data Group	AllThingsTalk NV	ALSO Croatia d.o.o.	Total
CURRENT LIABILITIES					
Financial liabilities	7 510	38 474	–	–	45 984
Trade payables	10 099	89 784	20	2 609	102 512
Accrued expenses, deferred income and other payables	1 933	6 988	68	68	9 057
Tax liabilities	1 035	8 366	–	–	9 401
Provisions	–	698	–	–	698
Total current liabilities	**20 577**	**144 310**	**88**	**2 677**	**167 652**
NON-CURRENT LIABILITIES					
Financial liabilities	–	4 228	–	–	4 228
Provisions	–	171	–	–	171
Deferred tax liabilities	73	309	758	–	1 140
Total non-current liabilities	**73**	**4 708**	**758**	**–**	**5 539**
Total liabilities	**20 650**	**149 018**	**846**	**2 677**	**173 191**
Total net assets	6 465	36 151	3 028	8 032	53 676
Non-controlling interests	–	–105	–	–	–105
Net assets attributable to ALSO	**6 465**	**36 046**	**3 028**	**8 032**	**53 571**
Goodwill	–	9 846	13 272	1 780	24 898
Negative goodwill	–525	–	–	–	–525
Consideration transferred	**5 940**	**45 892**	**16 300**	**9 812**	**77 944**
ANALYSIS OF CASH FLOWS FROM THE ACQUISITIONS					
Cash acquired	79	7 165	65	–	7 309
Cash paid	–2 090	–45 892	–6 945	–9 749	–64 676
Net cash outflow	**–2 011**	**–38 727**	**–6 880**	**–9 749**	**–57 367**

4. Notes to the income statement

4.1 Segment information

EUR 1 000	Central Europe		Northern/Eastern Europe		Adjustments		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales to third parties	6 253 939	5 974 684	5 498 563	4 574 997	–	–	11 752 502	10 549 681
Net sales from services to third parties	106 185	113 064	32 661	23 476	232	231	139 078	136 771
Net sales from leases to third parties	6 055	5 438	732	779	–	–	6 787	6 217
Net sales to other segments	151 752	159 915	225 783	235 630	–377 535	–395 545	–	–
Total net sales	**6 517 931**	**6 253 101**	**5 757 739**	**4 834 882**	**–377 303**	**–395 314**	**11 898 367**	**10 692 669**
EBITDA	**132 966**	**124 677**	**94 558**	**71 668**	**12**	**375**	**227 536**	**196 720**
As % of total net sales	*2.0%*	*2.0%*	*1.6%*	*1.5%*	–	–	*1.9%*	*1.8%*
Depreciation and amortization	–22 544	–20 830	–17 019	–15 067	–2 637	–2 933	–42 200	–38 830
Operating profit (EBIT)	**110 422**	**103 847**	**77 539**	**56 601**	**–2 625**	**–2 558**	**185 336**	**157 890**
As % of total net sales	*1.7%*	*1.7%*	*1.3%*	*1.2%*	–	–	*1.6%*	*1.5%*
Net financial income/expense	–12 416	–16 221	–13 726	–14 641	8 523	7 755	–17 619	–23 107
Profit before tax (EBT)	**98 006**	**87 626**	**63 813**	**41 960**	**5 898**	**5 197**	**167 717**	**134 783**
As % of total net sales	*1.5%*	*1.4%*	*1.1%*	*0.9%*	–	–	*1.4%*	*1.3%*
Segment assets	**1 614 367**	**1 623 481**	**1 332 460**	**1 337 983**	**–64 729**	**–137 832**	**2 882 098**	**2 823 632**
Segment liabilities	**1 265 080**	**1 281 585**	**1 034 031**	**1 128 652**	**–238 338**	**–318 868**	**2 060 773**	**2 091 369**
INVESTMENTS								
in property, plant and equipment	9 821	8 853	6 315	7 052	235	259	16 371	16 164
in intangible assets	2 885	2 224	1	120	1 992	1 569	4 878	3 913
Average headcount	1 967	2 086	1 991	1 740	123	126	4 081	3 952
Headcount at year-end	1 993	2 021	1 883	2 074	126	125	4 002	4 220

Headcount deviation

	Central Europe	Northern/Eastern Europe	Adjustments	Group
Headcount at year-end 2019	2 021	2 074	125	4 220
Reduction/increase in headcount	–39	–191	1	–229
Increase in headcount due to acquisitions	11	–	–	11
Headcount at year-end 2020	**1 993**	**1 883**	**126**	**4 002**

The following definitions of headcount apply:

- Average headcount: average number of full-time equivalent positions excluding temporary employees
- Headcount at year end: number of full-time equivalent positions excluding temporary employees

The segment reporting is based on the management approach. The results of the operating segments are regularly reviewed by the Chief Operating Decision Maker (CODM), Gustavo Möller-Hergt, CEO, in order to allocate the resources to the segments.

The reconciliation (Adjustments) of the segment results to the consolidated results contains centralized activities of the holding companies in Switzerland, Finland, and Germany (headquarter activities) which are not allocated to the segments. The allocation of the net sales is determined by the place where invoicing occurs. Furthermore, revenues are recognized at a point in time. Revenues, as well as assets and liabilities (mainly trade receivables and payables), between the segments are eliminated in the “Adjustments” column. The assets and liabilities contain all balance sheet items that are directly attributable to the segments.

Profit before tax (EBT) contains all income and expenses that are directly attributable to the respective operating segments. It also includes direct allocations of centrally occurring expenses. EBT is the main performance indicator in the ALSO Group.

A reconciliation of the management reporting to the segment reporting is not required, since internal and external reporting are based on the same accounting principles.

Details of the column “Adjustments” in the segment information

EUR 1 000	2020	2019
Costs for shareholders/mark-up for management fees/other centralized costs	12	375
Total at EBITDA level	**12**	**375**
Depreciation and amortization	–2 637	–2 933
Net financial result	8 523	7 755
Total at EBT level	**5 898**	**5 197**

The financial result in the “Adjustments” column in 2020 and 2019 arose from the difference between external financing costs and internal loan conditions.

Disaggregated net sales

EUR 1 000	2020	2019
Supply	8 423 199	7 533 515
Service	499 426	426 474
Solutions	2 975 742	2 732 680
Total net sales	**11 898 367**	**10 692 669**

Geographical information

EUR 1 000	Total net sales	Non-current assets [1)]
Switzerland		
2020	**1 075 008**	**89 302**
2019	965 677	95 254
Germany		
2020	**4 397 122**	**151 498**
2019	4 249 856	156 896
Netherlands		
2020	**1 401 134**	**14 513**
2019	1 311 934	15 800
Poland		
2020	**1 517 399**	**19 105**
2019	953 318	17 729
Others		
2020	**3 507 704**	**92 346**
2019	3 211 884	102 456
Group		
2020	**11 898 367**	**366 764**
2019	10 692 669	388 135

1) Without deferred tax assets and financial assets

Customers accounting for more than 10 % of Group net sales ALSO Group generated net sales of EUR 1 371 million (previous year: EUR 1 312 million) with one customer, which are included in both segments.

Contract assets and liabilities

Certain business activities may give rise to contract balances. There were no significant amounts for 2020 and 2019 as disclosed in Note 5.9.

4.2 Personnel expenses

EUR 1 000	2020	2019
Salaries and wages	–200 921	–193 774
Social and pension costs	–38 051	–37 461
Total personnel expenses	**–238 972**	**–231 235**

Personnel expenses include restructuring expenses of EUR 4.0 million (previous year: EUR 6.1 million).

4.3 Employee benefits

The employee post-employment benefit plans of the ALSO Group comply with the legal requirements of the respective countries. There are defined benefit plans in Germany, Netherlands, Austria, Slovenia and Switzerland. The defined benefit plan in Switzerland (ALSO pension fund) covers 84.2 % (previous year: 84.1 %) of plan assets and 81.9 % (previous year: 82.5 %) of the present value of the expected obligations of the ALSO Group.

Defined benefit plan

EUR 1 000			2020			2019
	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Fair value of plan assets	60 869	11 381	72 250	57 693	10 918	68 611
Present value of defined benefit obligations	–69 964	–15 471	–85 435	–70 457	–14 952	–85 409
of which financed by funds	–69 964	–15 069	–85 033	–70 457	–14 832	–85 289
of which financed by provisions	0	–402	–402	0	–120	–120
Deficit	**–9 095**	**–4 090**	**–13 185**	**–12 764**	**–4 034**	**–16 798**
Reported in the statement of financial position as:						
Employee benefit liabilities	–9 095	–4 090	–13 185	–12 764	–4 034	–16 798

Defined benefit plan Switzerland

Post-employment benefit plans in Switzerland are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that post-employment benefit plans must be managed by independent, legally autonomous bodies. Post-employment benefit plans are overseen by a regulator as well as by a state supervisory body. The ultimate governing body of a post-employment benefit plan (Board of Trustees) is composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability, and death. The various benefits are defined in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and the employee pay contributions to the post-employment benefit plan. In case of an underfunding, various measures can be taken, such as adjusting the pension commitment by altering the conversion rates or increasing current contributions. Under certain conditions the employer is obliged to make additional restructuring contributions. The BVG prescribes how the employees and the employer jointly fund any restructuring measures.

The Swiss post-employment benefit plan, the ALSO Pension Fund, has the legal form of a foundation. All actuarial risks are borne by the foundation. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate and the return on the plan assets), which are regularly assessed by the Board of Trustees. In addition, a report is prepared annually in accordance with IFRS requirements as well as an actuarial report prepared in accordance with the requirements of the BVG.

The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy as often as necessary – especially in the case of significant market developments or changes to the structure of the plan participants – and at least once annually. When defining the investment strategy, the Board of Trustees takes account of the foundation's objectives, benefit obligations, and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy).

The Board of Trustees delegates implementation of the investment strategy and management of the plan assets to an external asset manager. The Board of Trustees monitors compliance with the investment strategy and development of the plan assets several times a year.

Net post-employment benefit expenses for defined benefit plans

EUR 1 000	2020			2019		
	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Current service cost	–3 482	–571	–4 053	–2 761	–483	–3 244
Past service cost	1 812	0	1 812	0	115	115
Net interest employee benefit	–6	–42	–48	–75	–46	–121
Net post-employment benefit expenses	**–1 676**	**–613**	**–2 289**	**–2 836**	**–414**	**–3 250**

In 2020, the ALSO pension fund reduced its conversion rate. This resulted in negative past service cost of TEUR 1 812.

Remeasurement of defined benefit plans

EUR 1 000	2020			2019		
	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Actuarial gains/losses:						
Changes in demographic assumptions	–1 414	–93	–1 507	0	0	0
Changes in financial assumptions	966	214	1 180	–9 266	–2 667	–11 933
Changes in experience assumptions	1 367	–52	1 315	1 229	369	1 598
Return on plan assets (excluding interest income)	1 754	–24	1 730	4 934	709	5 643
Transfer of employees from other pension plans to ALSO's pension fund	0	0	0	163	–163	0
Total remeasurement recognized in other comprehensive income	**2 673**	**45**	**2 718**	**–2 940**	**–1 752**	**–4 692**

In 2020, the annuity take-up rate of the ALSO pension fund was reassessed. This resulted in a change in demographic assumptions in the amount of TEUR –1 414.

Change in fair value of plan assets

EUR 1 000	2020			2019		
	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
January 1	**57 693**	**10 918**	**68 611**	**48 292**	**10 355**	**58 647**
Transfer of employees from other pension plans to ALSO's pension fund	0	0	0	1 364	–1 364	0
Interest income	29	98	127	542	163	705
Return on plan assets (excluding interest income)	1 754	–24	1 730	4 933	709	5 642
Employee contributions	1 494	189	1 683	1 421	196	1 617
Employer contributions	2 768	713	3 481	1 978	708	2 686
Net benefits (paid) received	–3 120	–529	–3 649	–2 862	35	–2 827
Exchange differences	251	16	267	2 025	116	2 141
December 31	**60 869**	**11 381**	**72 250**	**57 693**	**10 918**	**68 611**

The expected employer contributions for defined benefit plans for next year is TEUR 3 174.

Change in the present value of defined benefit obligations

EUR 1 000	2020			2019		
	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
January 1	**70 457**	**14 952**	**85 409**	**56 372**	**13 324**	**69 696**
Transfer of employees from other pension plans to ALSO's pension fund	0	0	0	1 667	–1 667	0
Service cost	3 482	571	4 053	2 760	483	3 243
Past service cost	–1 812	0	–1 812	0	–115	–115
Interest cost	35	140	175	617	209	826
Actuarial gain/loss	–919	–69	–988	8 037	2 298	10 335
Employee contributions	1 494	189	1 683	1 421	196	1 617
Net benefits (paid) received	–3 120	–529	–3 649	–2 862	35	–2 827
Exchange differences	347	217	564	2 445	189	2 634
December 31	**69 964**	**15 471**	**85 435**	**70 457**	**14 952**	**85 409**

The weighted average duration of the defined benefit obligation is 19 years (previous year: 19 years).

Investment structure of plan assets

	2020			2019		
	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Cash and cash equivalents	4.6 %	0.0 %	3.9 %	4.4 %	0.0 %	3.7 %
Equity instruments	35.6 %	0.0 %	30.0 %	35.0 %	0.0 %	29.4 %
Bonds	29.6 %	0.0 %	24.9 %	34.4 %	0.0 %	28.9 %
Real estate	14.5 %	0.0 %	12.2 %	13.8 %	0.0 %	11.6 %
Other investments	15.7 %	100.0 %	29.0 %	12.4 %	100.0 %	26.4 %
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

The ALSO benefit plans do not hold any investments in financial instruments or real estate that are owned or used by the ALSO Group.

Cash and cash equivalents are invested with financial institutions that possess at least an “A” rating.

Equity instruments are investments in mutual funds for which there is a quoted market price (Level 1 of the fair value hierarchy). No direct investments are made. The assets also do not contain any shares of ALSO Holding AG.

Investments in bonds are undertaken solely via funds for which there is a quoted market price (Level 1 of the fair value hierarchy). There are no direct investments.

Investments in real estate are undertaken solely via real estate funds. There are no direct holdings of real estate. There is an active market in the real estate funds (Level 2 of the fair value hierarchy).

Other investments mainly comprise investments in hedge funds and private equity as well as reinsurances.

Main actuarial assumptions

EUR 1 000			2020			2019
	ALSO pension fund	Other defined benefit plans [1]	Total [1]	ALSO pension fund	Other defined benefit plans [1]	Total [1]
Discount rate	0.2 %	1.1 %	0.3 %	0.1 %	1.0 %	0.2 %
Future salary increases	1.0 %	0.7 %	1.0 %	1.0 %	0.7 %	1.0 %
Future pension increases	0.0 %	0.5 %	0.1 %	0.0 %	0.5 %	0.1 %
Mortality table	BVG 2015	n/a	BVG 2015	BVG 2015	n/a	BVG 2015

1) Weighted values

The present value of the defined benefit obligation (DBO) is determined annually by independent actuaries using the projected unit credit method. Actuarial assumptions are required for this purpose.

Sensitivities of the main actuarial assumptions

The main actuarial assumptions were identified to be the discount rate and the future development of salaries and wages. The following effects on the DBO can be expected:

- An increase/decrease of 0.25 percentage points in the discount rate would result in a decrease/increase in the DBO of 5 % respectively (previous year: 5 %).
- An increase/decrease of 0.25 percentage points in the expected development of salaries and wages would result in an increase/ decrease in the DBO of 1 % respectively (previous year: 1 %).

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Net pension cost for defined contribution plans

EUR 1 000	2020	2019
Employer contributions	**2 150**	**2 066**

4.4 Other operating expenses/income

Other operating expenses

EUR 1 000	2020	2019
Leasing expenses	–4 179	–3 224
Maintenance and repair expenses	–15 452	–14 596
Marketing and administrative expenses	–112 905	–115 954
Insurance, consulting and other operating expenses	–61 999	–59 195
Total other operating expenses	**–194 535**	**–192 969**

Other operating income

EUR 1 000	2020	2019
Other operating income	21 643	19 765
Total other operating income	**21 643**	**19 765**

Other operating income mainly comprises contributions from suppliers, insurance payments, and company-produced assets.

4.5 Net financial income/expense

Financial income

EUR 1 000	2020	2019
Interest income	699	703
Exchange gains, net	0	49
Fair value adjustments of contingent considerations	4 572	117
Negative goodwill from acquisitions (Note 3)	0	525
Other financial income	542	566
Total financial income	**5 813**	**1 960**

Financial expenses

EUR 1 000	2020	2019
Interest expenses from financing	–16 420	–18 241
Interest for lease liabilities	–1 742	–2 003
Factoring fees	–3 312	–3 064
Net interest employee benefits	–48	–121
Exchange losses, net	–194	0
Fair value adjustments of contingent considerations	–201	–124
Other financial expenses	–1 515	–1 514
Total financial expenses	**–23 432**	**–25 067**

Financial result	**–17 619**	**–23 107**

Currency effects

EUR 1 000	2020	2019
Currency effects on financial result	–194	49
Currency effects on cost of goods sold and services provided	2 850	1 149
Total currency effects	**2 656**	**1 198**

4.6 Income taxes

The main elements contributing to the difference between the expected tax rate for the Group and the effective tax rate are:

Income tax expenses

EUR 1 000	2020	2019
Income taxes in the reporting period	–50 999	–36 635
Income taxes in prior periods	–58	–308
Total current income tax	**–51 057**	**–36 943**
Changes in deferred tax rate	31	13
Changes in temporary differences	13 280	2 445
Total deferred tax	**13 311**	**2 458**
Total income tax expense	**–37 746**	**–34 485**

Analysis of tax expense

EUR 1 000	2020	2019
Profit before tax (EBT)	**167 717**	**134 783**
Expected tax rate (weighted)	*24.0 %*	*24.2 %*
Expected income tax expense	–40 265	–32 557
Utilization of previously unrecognized tax losses	6 320	1 493
Income tax losses not recognized	–1 965	–2 033
Income not subject to tax	1 888	717
Non-deductible expenses	–3 716	–3 082
Changes in deferred tax rate	31	13
Tax effect from prior periods	–43	1 023
Withholding tax on Group dividends	–2	–1
Other factors	6	–58
Effective income tax expense	**–37 746**	**–34 485**
Effective income tax rate	*22.5 %*	*25.6 %*

The weighted tax rate is calculated from the income tax rates that are expected to apply for the Group companies in the respective tax jurisdictions. The decrease in the effective tax rate from 25.9 % in 2019 to 22.5 % in 2020 is mainly due to the utilization of previously unrecognized tax losses.

In 2020, in the tax jurisdictions that are relevant for ALSO, there were no material changes in the applicable income tax rates.

Tax effects in other comprehensive income

EUR 1 000	2020	2019
TAX EFFECTS ON ITEMS THAT WILL NOT SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS		
Remeasurement of defined benefit plans	–343	642
Subtotal	**–343**	**642**
TAX EFFECTS ON ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS		
Exchange differences	43	–42
Fair value adjustment on cash flow hedges	404	1 709
Subtotal	**447**	**1 667**
Total tax effects in other comprehensive income	**104**	**2 309**

Deferred taxes

EUR 1 000	Statement of financial position				Recognized in income taxes	
	Deferred tax assets		Deferred tax liabilities			
	2020	2019	2020	2019	2020	2019
TEMPORARY DIFFERENCES						
Current assets	3 817	1 556	3 515	4 737	3 554	707
Property, plant and equipment	256	150	2 516	2 479	77	410
Intangible assets	178	191	2 962	2 359	–493	271
Recognized tax loss carry-forwards	5 809	2 374	0	0	3 423	–881
Provisions and employee benefits	3 934	7 103	37	37	–2 668	357
Liabilities	18 873	9 250	2 138	1 995	9 415	1 613
Other temporary differences	0	0	32	38	3	–19
Total	**32 867**	**20 624**	**11 200**	**11 645**	**13 311**	**2 458**
Offsetting	–4 458	–4 905	–4 458	–4 905	0	0
Total deferred taxes	**28 409**	**15 719**	**6 742**	**6 740**	**13 311**	**2 458**

Changes in deferred taxes (net)

EUR 1 000	2020	2019
January 1	**8 979**	**–1 079**
Deferred tax assets due to the initial application of IFRS 16	0	1 353
Effect of acquisitions	–116	3 988
Changes in temporary differences	13 415	4 766
Exchange differences	–611	–49
December 31	**21 667**	**8 979**

Tax loss carry-forwards

EUR 1 000	2020	2019
Total tax loss carry-forwards	**73 519**	**73 919**
Of which recognized as deferred tax assets	–27 030	–10 581
Total tax loss carry-forwards not recognized	**46 489**	**63 338**
Tax effect on unrecognized tax loss carry-forwards	10 696	14 249
TOTAL UNRECOGNIZED TAX LOSS CARRY-FORWARDS EXPIRING:		
In two to five years (weighted tax rate 2020: 20.2 %; previous year: 19.9 %)	14 706	19 981
In six to ten years (weighted tax rate 2020: 12.0 %; previous year: 22.1 %)	826	9 719
No expiry (weighted tax rate 2020: 24.6 %; previous year: 23.9 %)	30 957	33 638

In 2020, ALSO capitalized new deferred taxes in the amount of TEUR 3 423. In 2019, ALSO did not capitalize any new material deferred taxes.

The loss carry-forwards existing at December 31, 2020 as in previous year derive mainly from Sweden, Finland, Germany and the Netherlands.

For tax loss carry-forwards in the amount of TEUR 46 489 (previous year: TEUR 63 338), no deferred tax assets are recognized since they cannot be offset against other Group profits and it is unlikely that the entities carrying the tax losses forward will have future taxable profits against which to offset the related tax benefit.

As of December 31, 2020, there were no deferred tax liabilities for retained earnings amounting to TEUR 12 959 (previous year: TEUR 11 211) in subsidiaries which are liable to tax in the event of a dividend payment. There are no plans for dividend payment in the foreseeable future from those retained earnings.

5. Notes to the consolidated statement of financial position as of December 31

5.1 Cash and cash equivalents

Cash and cash equivalents in the amount of TEUR 483 162 (previous year: TEUR 349 464) consist of cash at banks and on hand.

5.2 Trade receivables

EUR 1 000	2020	2019
Trade receivables (gross)	835 741	753 731
Provision for bad debts	–7 750	–6 548
Total trade receivables	**827 991**	**747 183**

ALSO has sold or assigned trade receivables to independent factoring partners. Please refer to Note 6.8.

EUR 1 000	2020	2019
Status of bad debt provision as at January 1	**6 548**	**4 141**
Effect of acquisitions	0	2 539
Exchange differences	–202	6
Creation	2 664	2 087
Release	–1 039	–969
Utilization	–221	–1 256
Status of bad debt provision as at December 31	**7 750**	**6 548**
Trade receivables write-offs	–2 693	–2 789
Income from payments for trade receivables previously written-off	170	154

5.3 Inventories

EUR 1 000	2020	2019
Inventories	738 968	925 251
Downpayments to suppliers	5 793	4 445
Inventory provision	–15 339	–14 394
Total inventories	**729 422**	**915 302**

For most inventories, there are limited-duration price-protection guarantees from the vendors/manufacturers. The ALSO companies usually purchase goods in local currency. A recognizable loss of value due to low inventory turnover, ageing, etc. is taken into account through inventory provisions.

In the reporting period, inventory for the amount of TEUR 11 194 992 (previous year: TEUR 10 018 724) was recognized as cost of goods sold in the consolidated income statement. This includes changes in inventory provisions totaling TEUR 2 355 recognized as expense. In the previous year, TEUR 1 622 was recognized as income.

5.4 Prepaid expenses, accrued income and other receivables

EUR 1 000	2020	2019
Miscellaneous tax receivables	23 785	11 855
Receivables from factors	326 965	304 872
Other receivables	73 780	68 507
Other receivables	**424 530**	**385 234**
Prepaid expenses and accrued income	9 887	10 608
Total prepaid expenses, accrued income and other receivables	**434 417**	**395 842**

Receivables from factors see Note 6.8 consist of dilution reserves of TEUR 106 743 (previous year: TEUR 153 849) from ongoing sales of receivables and within the scope of credit lines callable claims of TEUR 220 222 (previous year: TEUR 151 023).

Provisions on receivables from factors amount to TEUR 139 (previous year: TEUR 198).

Other receivables consist mainly of receivables from vendors.

5.5 Property, plant and equipment

Acquired Property, plant and equipment

EUR 1 000	Land and buildings	Equipment	Other property, plant and equipment	Total
January 1, 2020	**55 581**	**11 702**	**16 448**	**83 731**
Additions	552	694	5 558	6 804
Effect of acquisitions	2	0	39	41
Disposals	0	–54	–582	–636
Reclassifications	0	87	–87	0
Depreciation	–2 163	–2 112	–6 481	–10 756
Exchange differences	66	–39	–151	–124
December 31, 2020	**54 038**	**10 278**	**14 744**	**79 060**
OVERVIEW AS AT DECEMBER 31, 2020				
Acquisition costs	76 923	38 512	51 498	166 933
Accumulated depreciation/impairment	–22 885	–28 234	–36 754	–87 873
December 31, 2020	**54 038**	**10 278**	**14 744**	**79 060**

Right-of-use assets

EUR 1 000	Land and buildings	Equipment	Other property, plant and equipment	Total
January 1, 2020	**98 463**	**898**	**5 387**	**104 748**
Additions	7 043	0	2 524	9 567
Disposals	0	0	–162	–162
Depreciation	–20 027	–216	–3 283	–23 526
Exchange differences	–104	–14	–3	–121
December 31, 2020	**85 375**	**668**	**4 463**	**90 506**
OVERVIEW AS AT DECEMBER 31, 2020				
Gross right-of-use assets	122 881	1 256	11 005	135 142
Accumulated depreciation/impairment	–37 506	–588	–6 542	–44 636
December 31, 2020	**85 375**	**668**	**4 463**	**90 506**

Acquired Property, plant and equipment

EUR 1 000	Land and buildings	Equipment	Other property, plant and equipment	Total
January 1, 2019	**56 456**	**11 975**	**14 121**	**82 552**
Additions	250	997	6 319	7 566
Effect of acquisitions	0	836	2 153	2 989
Disposals	–40	–114	–614	–768
Reclassifications	–14	–143	157	0
Depreciation	–2 151	–1 990	–5 864	–10 005
Exchange differences	1 080	141	176	1 397
December 31, 2019	**55 581**	**11 702**	**16 448**	**83 731**
OVERVIEW AS AT DECEMBER 31, 2019				
Acquisition costs	76 328	37 969	49 016	163 313
Accumulated depreciation/impairment	–20 747	–26 267	–32 568	–79 582
December 31, 2019	**55 581**	**11 702**	**16 448**	**83 731**

Right-of-use assets

EUR 1 000	Land and buildings	Equipment	Other property, plant and equipment	Total
January 1, 2019	**108 158**	**1 543**	**5 469**	**115 170**
Additions	5 959	336	2 303	8 598
Effect of acquisitions	4 331	238	382	4 951
Disposals	–2 177	–77	–62	–2 316
Reclassifications	0	–926	926	0
Depreciation	–18 834	–216	–3 631	–22 681
Exchange differences	1 026	0	0	1 026
December 31, 2019	**98 463**	**898**	**5 387**	**104 748**
OVERVIEW AS AT DECEMBER 31, 2019				
Gross right-of-use assets	117 266	1 327	9 270	127 863
Accumulated depreciation/impairment	–18 803	–429	–3 883	–23 115
December 31, 2019	**98 463**	**898**	**5 387**	**104 748**

Land and buildings comprises land and buildings used for operational purposes.

In 2020 and 2019, additions are mainly a result of investments in equipment and other property, plant and equipment and in “Infrastructure-as-a-Service”, as well as lease extensions for land and buildings.

Losses from the sale of property, plant, and equipment are recognized in other operating expenses and amount to TEUR –274 (previous year: TEUR –93).

5.6 Intangible assets

EUR 1 000	Goodwill	Customer lists	Other intangible assets	Total
January 1, 2020	**177 989**	**4 849**	**16 818**	**199 656**
Additions	0	0	4 878	4 878
Effect of acquisitions	1 465	463	0	1 928
Disposals	0	0	–10	–10
Amortization	0	–1 661	–6 257	–7 918
Exchange differences	–1 045	–135	–156	–1 336
December 31, 2020	**178 409**	**3 516**	**15 273**	**197 198**
OVERVIEW AS AT DECEMBER 31, 2020				
Acquisition costs	178 409	7 421	51 339	237 169
Accumulated amortization/impairment	0	–3 905	–36 066	–39 971
December 31, 2020	**178 409**	**3 516**	**15 273**	**197 198**
January 1, 2019	**152 085**	**2 734**	**10 967**	**165 786**
Additions	0	0	3 913	3 913
Effect of acquisitions	24 898	3 563	6 530	34 991
Disposals	0	0	–20	–20
Amortization	0	–1 449	–4 695	–6 144
Exchange differences	1 006	1	123	1 130
December 31, 2019	**177 989**	**4 849**	**16 818**	**199 656**
OVERVIEW AS AT DECEMBER 31, 2019				
Acquisition costs	177 989	7 558	47 187	232 734
Accumulated amortization/impairment	0	–2 709	–30 369	–33 078
December 31, 2019	**177 989**	**4 849**	**16 818**	**199 656**

The addition of goodwill in 2020 and 2019 is due to various business combinations. Further information is disclosed in Note 3.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized. The average residual amortization period for the customer lists is three years. Other intangible assets consist mainly of software and licenses.

5.7 Impairment Test

EUR 1 000	2020	2019
Carrying amount goodwill Central Europe	150 556	148 961
Carrying amount goodwill Northern/Eastern Europe	27 853	29 028
Total goodwill	**178 409**	**177 989**
Discount rate (post tax) goodwill Central Europe	7.01 %	7.19 %
Discount rate (post tax) goodwill Northern/Eastern Europe	7.04 %	7.31 %
Growth rate sales revenue for residual value Central Europe	1.00 %	1.00 %
Growth rate sales revenue for residual value Northern/Eastern Europe	1.00 %	1.00 %
Expected average EBITDA margin Central Europe (residual value)	2.10 %	2.10 %
Expected average EBITDA margin Northern/Eastern Europe (residual value)	1.30 %	1.30 %

Goodwill is monitored and tested for impairment by means of value-in-use calculations of two groups of cash-generating units. The value in use is the present value of the discounted cash flows. It is based on planning assumptions over a three-year period, plus residual values which have been approved by Management. The discount rates applied, and the average growth rate in net sales, are set out in the above table.

The value-in-use calculation for the group of cash-generating units is sensitive to assumptions relating to the balance sheet structure, gross margin, and cost structure. The balance sheet structure and gross margin are derived from historical values as well as from strategic and economic changes. The cost structure is adapted to the expected gross margin.

The value in use is substantially higher than the reported net assets. Even a material change in the base data, e.g. a sustained deterioration in the gross margin, or a change in the balance sheet and cost structure, would not cause an impairment of the goodwill.

The pre-tax discount rate for Central Europe is 9.43 % (previous year: 9.50 %) and for Northern/Eastern Europe 9.00 % (previous year: 9.46 %).

5.8 Current and non-current financial liabilities

EUR 1 000	2020		2019	
	Carrying amount	Interest rate	Carrying amount	Interest rate
CURRENT FINANCIAL LIABILITIES				
Bank loans	17 343	0.7 to 3.3 %	21 705	0.4 to 3.0 %
Bonded loans	49 986	0.7 to 2.8 %	13 000	1.3 %
Lease liabilities	26 160	0.2 to 3.8 %	26 170	0.7 to 2.7 %
Liabilities from factoring	11 985	0.3 to 1.8 %	21 643	0.4 to 2.8 %
Contingent consideration from acquisitions of subsidiaries	2 730		6 074	
Third-party loans	19		0	
Total current financial liabilities	**108 223**		**88 592**	
NON-CURRENT FINANCIAL LIABILITIES				
Bank loans	38 926	0.7 to 1.3 %	38 928	0.7 to 1.3 %
Bonded loans	214 258	0.9 to 2.3 %	264 068	0.9 to 2.8 %
Lease liabilities	79 139	0.2 to 3.8 %	93 777	0.7 to 3.8 %
Contingent consideration from acquisitions of subsidiaries	4 398		11 354	
Third-party loans	349		554	
Total non-current financial liabilities	**337 070**		**408 681**	
Total financial liabilities	**445 293**		**497 273**	

Covenants

Certain financial liabilities are subject to covenant clauses, under which stipulated financial key figures must be attained. As of December 31, 2020, all covenants were met.

Reconciliation of financial liabilities

Current financial liabilities

EUR 1 000	Bank loans	Bonded loans	Lease liabilities	Liabilities from factoring	Contingent consideration from acquisitions of subsidiaries	Third-party loans	Total
January 1, 2020	**21 705**	**13 000**	**26 170**	**21 643**	**6 074**	**0**	**88 592**
Net cash flow	–3 145	–13 000	–23 782	–9 204	–5 922	–75	–55 128
Value adjustments	0	0	0	0	–4 371	0	–4 371
Other non-cash adjustments	339	49 986	24 007	0	6 984	94	81 410
Exchange differences	–1 556	0	–235	–454	–35	0	–2 280
December 31, 2020	**17 343**	**49 986**	**26 160**	**11 985**	**2 730**	**19**	**108 223**

Non-current financial liabilities

EUR 1 000	Bank loans	Bonded loans	Lease liabilities	Contingent consideration from acquisitions of subsidiaries	Third-party loans	Total
January 1, 2020	**38 928**	**264 068**	**93 777**	**11 354**	**554**	**408 681**
Other non-cash adjustments	–339	–49 810	–14 579	–6 984	–206	–71 918
Exchange differences	337	0	–59	28	1	307
December 31, 2020	**38 926**	**214 258**	**79 139**	**4 398**	**349**	**337 070**

The changes in other non-cash adjustments in bonded loans of TEUR 49 986 and TEUR 49 810 respectively, relate to a reclassifiacation from non-current financial liabilities due to repayments due in 2021. In 2020, ALSO repaid bonded loans in the amount of TEUR 13 000.

The changes in other non-cash adjustments in lease liabilities of TEUR 24 007 and TEUR 14 579 respectively, relate to a reclassifiacation from non-current financial liabilities due to repayments due in 2021 and new liabilities due to leasing contracts which commenced in 2020. The total cash outflows from leases for which ALSO is the lessee are TEUR 29 703, of which TEUR 5 921 is included in cash flow from operating activities and TEUR 23 782 is included in cash flow from financing activities.

Current financial liabilities

EUR 1 000	Bank loans	Bonded loans	Lease liabilities	Liabilities from factoring	Contingent consideration from acquisitions of subsidiaries	Third-party loans	Total
January 1, 2019	**9 316**	**50 486**	**23 767**	**55 686**	**5 484**	**2 624**	**147 363**
Net cash flow	–45 132	–50 500	–23 821	–34 400	–1 241	–6 120	–161 214
Effect of acquisitions	39 571	0	2 952	0	0	3 461	45 984
Value adjustments	0	0	0	0	7	0	7
Other non-cash adjustments	17 878	13 014	23 164	0	1 821	72	55 949
Exchange differences	72	0	108	357	3	–37	503
December 31, 2019	**21 705**	**13 000**	**26 170**	**21 643**	**6 074**	**0**	**88 592**

Non-current financial liabilities

EUR 1 000	Bank loans	Bonded loans	Lease liabilities	Contingent consideration from acquisitions of subsidiaries	Third-party loans	Total
January 1, 2019	**57 159**	**215 953**	**102 788**	**74**	**823**	**376 797**
Net cash flow	0	61 000	0	0	0	61 000
Effect of acquisitions	0	0	4 228	0	0	4 228
Other non-cash adjustments	–17 878	–12 885	–14 206	11 231	–273	–34 011
Exchange differences	–353	0	967	49	4	667
31. Dezember 2019	**38 928**	**264 068**	**93 777**	**11 354**	**554**	**408 681**

The changes in other non-cash adjustments in bank loans of TEUR 17 878 relate to a reclassifiacation from non-current financial liabilities due to repayments due in 2020.

The changes in other non-cash adjustments in bonded loans of TEUR 13 014 and TEUR 12 885 respectively, relate to a reclassifiacation from non-current financial liabilities due to repayments due in 2020. In 2019, ALSO repaid bonded loans in the amount of EUR 50.5 million and obtained new ones in the amount of EUR 61.0 million.

The changes in other non-cash adjustments in lease liabilities of TEUR 14 206 and TEUR 23 164 respectively, relate to a reclassifiacation from non-current financial liabilities due to repayments due in 2020 and new liabilities due to leasing contracts which commenced in 2019. The total cash outflows from leases for which ALSO is the lessee are TEUR 29 048, of which TEUR 5 227 is included in cash flow from operating activities and TEUR 23 821 is included in cash flow from financing activities.

5.9 Accrued expenses, deferred income and other payables

EUR 1 000	2020	2019
Accrued expenses and deferred income	**59 371**	**57 271**
Miscellaneous tax payables	140 002	137 586
Liabilities from factoring (continuing involvement) (see Note 6.8)	28 820	55 422
Accrued interest from factoring	314	855
Contract liabilities	8 261	5 747
Other payables to third parties	11 150	9 412
Other payables to related parties (see Note 6.6)	538	375
Other payables	**189 085**	**209 397**
Total accrued expenses, deferred income and other payables	**248 456**	**266 668**

Accrued expenses, deferred income, and other payables are recognized in the statement of financial position at nominal value. They comprise short-term expense accruals and deferred income relating to revenue for subsequent accounting periods already received, as well as accruals for services not yet invoiced. Tax payables include value added and other tax liabilities.

5.10 Provisions

EUR 1 000	Guarantees, returned goods, complaints	Litigations	Restructuring	Other provisions	Total
January 1, 2020	**4 640**	**1 327**	**350**	**5 989**	**12 306**
Creation	4 222	216	17	916	5 371
Effect of acquisitions	0	0	0	65	65
Utilization	–3 990	–21	–350	–229	–4 590
Release	–57	–409	0	–1 341	–1 807
Exchange differences	–43	0	0	–95	–138
December 31, 2020	**4 772**	**1 113**	**17**	**5 305**	**11 207**
Current provisions	4 117	1 113	17	1 408	6 655
Non-current provisions	655	0	0	3 897	4 552
Total 2020	**4 772**	**1 113**	**17**	**5 305**	**11 207**
January 1, 2019	**3 507**	**1 380**	**82**	**9 160**	**14 129**
Creation	3 396	60	1 100	548	5 104
Effect of acquisitions	656	0	0	213	869
Utilization	–2 920	–88	–832	–3 643	–7 483
Release	0	–25	0	–305	–330
Exchange differences	1	0	0	16	17
December 31, 2019	**4 640**	**1 327**	**350**	**5 989**	**12 306**
Current provisions	3 990	1 327	350	967	6 634
Non-current provisions	650	0	0	5 022	5 672
Total 2019	**4 640**	**1 327**	**350**	**5 989**	**12 306**

There is an existing guarantee provision for the amount of TEUR 4 772 for the risk of expenses that have not yet occurred but which are expected to occur before the end of the guarantee period that was granted. It is expected that the greater part of the provision will be utilized in the next fiscal year, or at the latest within two years.

The provisions for litigation contain claims for damages as well as legal costs for various pending court cases. For significant parts of the litigation, a settlement is expected in the next fiscal year.

Other provisions contain long-service benefits, other employee allowances, and provisions for various risks. Utilization normally takes place within five years.

5.11 Equity

As of December 31, 2020, the number of registered shares each with a nominal value of CHF 1.00 per share totaled 12 848 962. The share capital is unchanged compared to 2019.

Authorized and conditional share capital comprises 2 500 000 shares with a nominal value of CHF 1.00 per share.

Treasury shares

	Number	Value EUR 1 000
January 1, 2020	**28 089**	**1 822**
Additions	0	0
Disposals	0	0
December 31, 2020	**28 089**	**1 822**
January 1, 2019	**28 089**	**1 822**
Additions	0	0
Disposals	0	0
December 31, 2019	**28 089**	**1 822**

Major shareholders

	12.31.2020	12.31.2019
Special Distribution Holding GmbH, Düsseldorf (Germany) [1]	51.3 %	51.3 %
J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	[2]	3.0 %

Share register as of December 31 (without nominees)
1) Controlling shareholder: Walter P.J. Droege through Droege Group AG
2) Percentage of the voting rights is below disclosure threshold

Regulations regarding the restricted transferability of shares

In accordance with Art. 5 of the Articles of Association, the Board of Directors may refuse to register an acquirer of shares as a full shareholder (i.e. as a shareholder with voting rights) unless the acquirer expressly declares that they have acquired the shares in their own name and on their own account.

Retained earnings

The distribution of retained earnings is subject to restrictions:

- Special reserves of ALSO Holding AG can only be distributed after a corresponding resolution by the Annual General Meeting.
- The reserves of subsidiaries are first distributed to the parent company in accordance with local tax regulations and legislation.

Opting-out

The obligation to submit a public take-over offer pursuant to Art. 125 paragraph 3 and paragraph 4 FMIA has been waived ("opting out").

5.12 Other reserves

EUR 1 000	Cash flow hedge reserve	Exchange differences	Remeasurement of defined benefit plans	Total other reserves
January 1, 2020	**–7 788**	**4 012**	**–12 797**	**–16 573**
Net profit Group	0	0	0	0
Other comprehensive income	–499	–3 253	2 375	–1 377
Total comprehensive income	**–499**	**–3 253**	**2 375**	**–1 377**
Distributions to shareholders	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
December 31, 2020	**–8 287**	**759**	**–10 422**	**–17 950**
January 1, 2019	**–3 947**	**333**	**–8 747**	**–12 361**
Net profit Group	0	0	0	0
Other comprehensive income	–3 841	3 679	–4 050	–4 212
Total comprehensive income	**–3 841**	**3 679**	**–4 050**	**–4 212**
Distributions to shareholders	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
December 31, 2019	**–7 788**	**4 012**	**–12 797**	**–16 573**

5.13 Earnings per share/dividend per share

EUR 1 000		2020	2019
Net profit Group	EUR	**130 060 000**	**99 991 000**
Shares issued (weighted)	Number of shares	12 848 962	12 848 962
Less treasury shares (weighted)	Number of shares	–28 089	–28 089
Available shares (weighted) for calculation	Number of shares	12 820 873	12 820 873
Earnings per share	EUR	**10.14**	**7.80**
Diluted net profit Group	EUR	**130 060 000**	**99 991 000**
Shares issued (weighted) for calculation	Number of shares	12 820 873	12 820 873
Adjustment for dilution from options	Number of shares	0	238
Diluted shares	Number of shares	12 820 873	12 821 111
Diluted earnings per share	EUR	**10.14**	**7.80**

The company has 28 089 treasury shares in its portfolio. In the above table, these treasury shares are deducted from the total number of shares outstanding. The diluted figures include the effect of the option program.

The Board of Directors will propose to the Annual General Meeting on March 17, 2021, that a distribution to shareholders for the amount of TCHF 48 078 (CHF 3.75 per share) be paid for the financial year 2020. In the prior year, a distribution to shareholders was made for the amount of TCHF 41 668 (CHF 3.25 per share).

5.14 Investments in associates

EUR 1 000	2020	2019
January 1	**0**	**17**
Share of income of associates	0	–17
December 31	**0**	**0**

The investment in ALSO Financial Services GmbH is reported under financial assets and was impaired in 2019. The impairment is presented in financial expenses from the previous year.

6. Further information on the consolidated financial statements

6.1 Influence of the novel coronavirus (Covid-19)

On 11 March 2020, the World Health Organization declared the novel coronavirus (Covid-19) spread to be a pandemic in recognition of its rapid spread across the globe. Governments around the world have taken stringent steps to help contain or delay the spread of the virus. Currently, there is an increase in economic uncertainty which is, for example, evidenced by more volatile currency exchange rates.

ALSO has been monitoring the developments closely from an early stage. Inventories and supply chains were secured. As a result, no major shortages occurred. The ALSO ecosystem constitutes a diversified and robust base for business, with its diverse customer groups, countries, channels and product categories. Sales drops resulting from the lack of sales of our customers in stationary retail could be compensated for via online channels. Additionally, digitalization, which was strongly stimulated by the pandemic, especially working from home and home school, contributed to the result.

6.2 Financial instruments

Hedging transactions

EUR 1 000	Contract value	Replacement value		Risk	Hedging instruments
		Positive	Negative		
Cash Flow Hedge	228 000	–	9 534	Interest	Interest rate swaps
Cash Flow Hedge	75 000	197	1 874	Interest	Interest rate options
Total December 31, 2020	**303 000**	**197**	**11 408**		
Cash Flow Hedge	228 000	–	8 578	Interest	Interest rate swaps
Cash Flow Hedge	75 000	449	2 166	Interest	Interest rate options
Total December 31, 2019	**303 000**	**449**	**10 744**		

Various cash flow hedges (interest rate swaps) became ineffective or had to be restructured in 2016 and in 2015 due to negative interest rates. As a result of this ineffectiveness or restructuring, measurement changes have therefore been recognized directly in financial result since these cash flow hedges became ineffective or were restructured. In 2020 this resulted in financial income of TEUR 354 (previous year: TEUR 423). Furthermore, these hedging transactions were reclassified from equity to financial expenses in the amount of TEUR 336 (previous year: TEUR 408).

For further information about hedging transactions please see Note 6.7.

Classes of financial instruments 2020

EUR 1 000	At fair value through profit or loss	At fair value through OCI	Amortized cost	Hedge accounting	Non-financial instruments	Carrying amount 12.31.2020
FINANCIAL ASSETS						
Cash and cash equivalents			483 162			**483 162**
Trade receivables (Note 5.2)		707 780	120 211			**827 991**
Prepaid expenses, accrued income and other receivables (Note 5.4)			400 745		33 672	**434 417**
Financial assets			11 137			**11 137**
Current derivative financial instruments	599					**599**
Non-current derivative financial instruments				197		**197**
FINANCIAL LIABILITIES						
Financial liabilities (Note 5.8)	5 127		440 166			**445 293**
Trade payables			1 310 642			**1 310 642**
Accrued expenses, deferred income and other payables (Note 5.9)			40 822		207 634	**248 456**
Current derivative financial instruments	154			529		**683**
Non-current derivative financial instruments				10 879		**10 879**

In 2020, the net gain from financial instruments measured at fair value through profit or loss (mainly forward exchange contracts, options and contingent considerations from acquisitions) amounted to TEUR 4 565.

The carrying amount of the financial instruments is essentially the fair value.

Classes of financial instruments 2019

EUR 1 000	At fair value through profit or loss	At fair value through OCI	Amortized cost	Hedge accounting	Non-financial instruments	Carrying amount 12.31.2019
FINANCIAL ASSETS						
Cash and cash equivalents			349 464			**349 464**
Trade receivables (Note 5.2)		632 597	114 586			**747 183**
Prepaid expenses, accrued income and other receivables (Note 5.4)			373 379		22 463	**395 842**
Financial assets			11 112			**11 112**
Current derivative financial instruments	426					**426**
Non-current derivative financial instruments				449		**449**
FINANCIAL LIABILITIES						
Financial liabilities (Note 5.8)	11 204		486 069			**497 273**
Trade payables			1 271 464			**1 271 464**
Accrued expenses, deferred income and other payables (Note 5.9)			66 064		200 604	**266 668**
Current derivative financial instruments	1 988			331		**2 319**
Non-current derivative financial instruments				10 413		**10 413**

In 2019, the net loss from financial instruments measured at fair value through profit or loss (mainly forward exchange contracts, options and contingent considerations from acquisitions) amounted to TEUR 117.

The carrying amount of the financial instruments is essentially the fair value.

Fair value hierarchy

ALSO applies the following measurement hierarchy to determine the fair value of financial instruments:

Level 1: Listed, unchanged market price in active markets.

Level 2: Measurement methods in which all assumptions that have a material impact on the fair value are indirectly or directly available.

Level 3: Measurement methods with assumptions that have a material impact on the fair value which are not publicly available.

Fair value of the financial instruments 2020

EUR 1 000	Level 1	Level 2	Level 3	Fair value 12.31.2020
FINANCIAL ASSETS				
Current derivative financial instruments		599		599
Forward exchange contracts		*599*		*599*
Non-current derivative financial instruments		197		197
Interest rate options		*197*		*197*
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries (Note 5.8)			–5 127	–5 127
Current derivative financial instruments		–683		–683
Forward exchange contracts		*–154*		*–154*
Interest rate swaps		*–198*		*–198*
Interest rate options		*–331*		*–331*
Non-current derivative financial instruments		–10 879		–10 879
Interest rate swaps		*–9 336*		*–9 336*
Interest rate options		*–1 543*		*–1 543*
Total financial liabilities Level 3			**–5 127**	

Fair value of the financial instruments 2019

EUR 1 000	Level 1	Level 2	Level 3	Fair value 12.31.2019
FINANCIAL ASSETS				
Current derivative financial instruments		426		426
Forward exchange contracts		*426*		*426*
Non-current derivative financial instruments		449		449
Interest rate options		*449*		*449*
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries (Note 5.8)			–11 204	–11 204
Current derivative financial instruments		–658	–1 661	–2 319
Forward exchange contracts		*–327*		*–327*
Interest rate options		*–331*		*–331*
Put options on non-controlling interests			*–1 661*	*–1 661*
Non-current derivative financial instruments		–10 413		–10 413
Interest rate swaps		*–8 578*		*–8 578*
Interest rate options		*–1 835*		*–1 835*
Total financial liabilities Level 3			**–12 865**	

Reconciliation of financial instruments within Level 3

EUR 1 000	2020	2019
January 1	**–12 865**	**–2 841**
Recognition of contingent consideration from the acquisition of subsidiaries	0	–11 008
Fair value adjustments of contingent consideration from the acquisition of subsidiaries recognized in financial result	3 827	–7
Exercise of put options	1 855	0
Fair value adjustments of put options recognized in equity	–194	–250
Payment of contingent consideration from acquisitions of subsidiaries	2 250	1 241
December 31	**–5 127**	**–12 865**

In 2020 and 2019 respectively, there were no transfers of financial instruments between Level 1 and Level 2. There were also no transfers into or out of Level 3.

Measurement techniques of financial instruments within Level 2

Forward exchange contracts are measured based on observable forward rates and spot rates and are recognized at their positive or negative replacement value. Interest rate swaps and interest rate options are measured based on the net present value of observable forward rates and recognized in the statement of financial position at their positive or negative replacement value respectively.

Measurement techniques of financial instruments within Level 3

The fair value of contingent considerations from the acquisition of subsidiaries, put options on shares of non-controlling interests and call options is calculated based on contractually agreed measurement methods. These calculations are based on the expected future operating profits of subsidiaries and, therefore, depend on assumptions that are neither directly nor indirectly observable in the market. The expected future operating profits are based on medium-term plans which cover a period of three years. Those plans are reviewed by the management of ALSO.

A change in the underlying expected future profits would have the following effect on the fair value:

Sensitivity of financial instruments within Level 3

EUR 1 000	2020	2019
5 % increase in the expected future results	0	–97
5 % reduction in the expected future results	1 790	1 887

6.3 Pledged or assigned assets serving as collateral for own liabilities

EUR 1 000	2020	2019
Inventories	23 786	27 228
Property, plant and equipment	19 306	19 432
Total assets pledged	**43 092**	**40 523**

The property, plant, and equipment shown above has been pledged as collateral against existing mortgages in Switzerland and Austria. The inventories have been pledged as collateral against trade payables in Finland and Bulgaria.

6.4 Rental and leasing commitments

Cash receipts as lessor

EUR 1 000	2020	2019
Due in 1st year	6 894	6 341
Due in 2nd to 5th year	10 279	11 697
Due from the 6th year onwards	69	120

Cash receipts as lessor mainly comprise printers in Germany and Switzerland. Additionally, there is infrastructure-as-a-service business where ALSO acts as lessor. Depending upon the term of the agreement, the contract may result in either a finance lease or an operating lease.

6.5 Subsidiaries

Country	Head office	Company	Participation [1] 12.31.2020	Participation [1] 12.31.2019	Share capital in 1 000	Currency	Code
Switzerland	Emmen	ALSO Holding AG			12 849	CHF	S
	Emmen	ALSO Schweiz AG	100 %	100 %	100	CHF	D
	Uetendorf	Corvice AG	100 %	100 %	100	CHF	S
	Emmen	Quatec AG	100 %	100 %	100	CHF	S
Belgium	Mechelen	ALSO Belgium BVBA	100 %	100 %	8 331	EUR	D
	Mechelen	AllThingsTalk NV	100 %	100 %	5 515	EUR	S
Bulgaria	Sofia	ALSO Bulgaria EOOD	100 %	100 %	5	BGN	D
Denmark	Tåstrup	ALSO A/S	100 %	100 %	39 000	DKK	D
Germany	Soest	ALSO Deutschland GmbH	100 %	100 %	20 000	EUR	D
	Osnabrück	SEAMCOM GmbH & Co. KG	100 %	100 %	203	EUR	D
	Osnabrück	SEAMCOM Verwaltungs GmbH	100 %	100 %	26	EUR	S
	Straubing	ALSO MPS GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann.de GmbH & Co. KG	100 %	100 %	200	EUR	S
	Berlin	LumIT GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO International Services GmbH	100 %	100 %	100	EUR	S
	Soest	ALSO IH GmbH	100 %	100 %	25	EUR	S
	Soest	Impaso Online Services GmbH	100 %	100 %	25	EUR	S
	Staufenberg	Fulfilment Plus GmbH	[3]	100 %	50	EUR	S
	Pullach i. Isartal	SINAS Beteiligungs GmbH & Co. Vermietungs-KG	0 %	0 %	9	EUR	S
	Soest	MEDIUM GmbH	100 %	100 %	50	EUR	D
	Frankfurt am Main	Pestinger GmbH	74.8 %	74.8 %	26	EUR	D
	Stuttgart	Beamer & more GmbH	51 %	51 %	25	EUR	D
	Berlin	ALSO Enterprise Services GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann Verwaltungs GmbH	100 %	100 %	25	EUR	S
	Berlin	Webinstore AG	99.99 %	99.99 %	500	EUR	S

Country	Head office	Company	Participation [1] 12.31.2020	Participation [1] 12.31.2019	Share capital in 1 000	Currency	Code
	Soest	ALSO Mobility Services GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO Logistics Services GmbH i. L.	100 %	100 %	25	EUR	S
	Seevetal	ALSO Financial Services GmbH	9.9 %	9.9 %	50	EUR	S
Estonia	Tallinn	ALSO Eesti OÛ	100 %	100 %	192	EUR	D
Finland	Tampere	ALSO Nordic Holding Oy	100 %	100 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100 %	100 %	841	EUR	D
	Helsinki	ALSO Cloud Oy	100 %	100 %	11	EUR	S
	Helsinki	ALSO Cloud Solutions Oy	100 %	100 %	3	EUR	S
France	Gennevilliers	ALSO France S.A.S.	100 %	100 %	14 500	EUR	D
	Gennevilliers	LAFI Logiciels Application Formation Information S.A.S	100 %	100 %	400	EUR	S
	Paris	BelP S.A.S. [4]	100 %	51 %	147	EUR	D
Croatia	Zagreb	ALSO Croatia d.o.o.	100 %	100 %	20 000	HRK	D
Latvia	Mārupe	SIA „ALSO Latvia“	100 %	100 %	1 210	EUR	D
	Riga	ALSO Cloud Latvia SIA	100 %	100 %	100	EUR	S
Lithuania	Kaunas	UAB „ALSO Lietuva“	100 %	100 %	1 883	EUR	D
	Kaunas	UAB „Sophela“	100 %	100 %	3	EUR	S
	Kaunas	UAB „ABC Data Lietuva"	100 %	100 %	75	EUR	D
Morocco	Casablanca	BelP International	100 %	100 %	50	MAD	D
Netherlands	Nijmegen	ALSO Nederland B.V.	100 %	100 %	1 000	EUR	D
	Nijmegen	ALSO Digital Holding B.V. in Liquidation	[2]	51 %	18	EUR	S
	Nijmegen	ALSO International B.V.	100 %	100 %	18	EUR	D
Norway	Stokke	ALSO AS	100 %	100 %	11 063	NOK	D
Austria	Gross- Enzersdorf	ALSO Austria GmbH	100 %	100 %	100	EUR	D
	Guntramsdorf	dicom Computer-Vertriebsges.m.b.H.	100 %	0 %	218	EUR	D
Poland	Warsaw	ALSO Polska sp. z o.o.	100 %	100 %	133 300	PLN	D
	Warsaw	Roseville Investments sp. z o.o.	[5]	100 %	1 000	PLN	D
	Warsaw	iSource S.A.	100 %	100 %	16 327	PLN	D

Country	Head office	Company	Participation[1)] 12.31.2020	Participation[1)] 12.31.2019	Share capital in 1 000	Currency	Code
	Warsaw	S4E S.A.	81.3 %	81.3 %	1 737	PLN	D
	Goleniow	MLS sp. z o.o.	100 %	100 %	5 000	PLN	D
	Szczecin	iTerra sp. z o.o.	100 %	100 %	3 250	PLN	S
Romania	Bucharest	ALSO Technology SRL	100 %	100 %	13 505	RON	D
Sweden	Kista	ALSO Sweden AB	100 %	100 %	1 000	SEK	D
Slovakia	Bratislava	ALSO Slovakia s.r.o.	100 %	100 %	947	EUR	D
Slovenia	Ljubljana	ALSO d.o.o.	100 %	100 %	8	EUR	D
	Ljubljana	ALSO Technology Ljubljana d.o.o.	100 %	100 %	1 710	EUR	D
	Ljubljana	VAD d.o.o.	100 %	100 %	50	EUR	D
	Ljubljana	Marmis d.o.o.	100 %	100 %	9	EUR	D
Serbia	Belgrade	ALSO Platform Development d.o.o.	100 %	0 %	0.1	RSD	S
Ukraine	Kiew	TOB Sophela	100 %	100 %	96	UAH	S
Hungary	Budapest	ALSO Hungary Kft.	100 %	100 %	35	HUF	D
Belarus	Minsk	Sophela OOO	100 %	100 %	7	BYN	S

Codes: D = Distribution, S = Service/Holding company

1) 1 Participation equals ALSO Holding AG›s direct or indirect voting interest in the company
2) In 2020, the insolvency proceedings were completed.
3) In 2020, Fulfilment Plus GmbH was merged with MEDIUM GmbH.
4) In 2020, ALSO acquired the remaining voting shares in BelP.
5) In 2020, Roseville Investments sp. z o.o. was merged with ALSO Polska sp. z o.o.

6.6 Transactions with related parties

Existing receivables and payables at the reporting date are unsecured. In 2020 and 2019 respectively, no impairments of receivables were necessary. There are no guarantees, pledges, or other contingent liabilities in favor of related parties. The following transactions and volumes took place with related parties:

Transactions with principal shareholders and related parties

EUR 1 000	2020	2019
Net sales to Droege Group	280	608
Net sales to ALSO Financial Services GmbH	1 301	598
Operating expenses Droege Group	–3 291	–3 181
Interest income ALSO Financial Services	100	65
Trade receivables Droege Group	268	497
Trade receivables ALSO Financial Services GmbH	19	165
Loan to ALSO Financial Services GmbH	5 000	5 000
Trade payables Droege Group (Note 5.9)	–405	–375
Trade payables ALSO Financial Services (Note 5.9)	–133	0

The distributions of TEUR 20 226 to Droege that were decided at the General Meeting of March 24, 2020 were paid on March 30, 2020 (previous year: TEUR 17 653).

Liabilities to ALSO pension fund

EUR 1 000	2020	2019
ALSO Holding AG	0	–4

Transactions with key management

EUR 1 000	2020	2019
Salaries 1)	6 020	4 515
Contributions to pension plans	343	283
Anniversary bonuses or other special payments	0	0
Retirement bonuses	0	0
Employee shares/options	0	0
Total compensation	**6 363**	**4 798**

1) Fixed compensation (salaries and flat-rate expenses), bonuses, Board of Directors' fees, employer contributions for social security, and other non-monetary benefits/reductions.

Option conditions

Year of issue	Right to	Exercise period	Exercise price CHF 1)	Market price then applicable CHF 1)	Open on 12.31.2020 Number
2011	Shares	May 1, 2014 to April 30, 2020	45.40	16.88	–
Total					**–**

1) In the interest of comparability, no conversion to euro was made.

In the reporting year, 355 options were exercised. At December 31, 2020, no more options are exercisable. The options were valued according to the Hull-White model, which explicitly takes account of the effects of the restriction period and of an early exercise of the options. The fair value of the options was recognized in profit or loss, and one third (vesting period) was charged to personnel expenses, lastly in 2013.

6.7 Financial risk management

Principles of risk management

In relation to its financial assets and liabilities, ALSO is exposed to special risks arising from changes in exchange rates and interest rates. In addition to these market risks, there are also liquidity and credit risks. The objective of financial risk management is to control and limit these market risks by ongoing operational and financial activities. For this purpose, and depending on the estimated risk, selected hedging instruments are used. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or speculative purposes. To minimize the default risk, the material hedging transactions are only entered into with leading financial institutions.

At regular intervals, the appropriateness of the risk management and the internal control system is reviewed by the Board of Directors and modified if necessary. This ensures that the Board of Directors and the Group Management are completely and promptly informed of material risks. In addition, monthly internal reports on the financial position of the company allow any risks arising from the ongoing business to be recognized as early as possible, and corresponding countermeasures to be initiated. For this purpose, Accounting and Controlling constantly adapt their reporting systems to changing conditions.

For optimal cash management, the management of liquidity not required for ongoing operations and the long-term financing of the Group is centralized. The treasury function also records, monitors, and controls financial risks based on information provided by the Board of Directors and Group Management.

Credit risk

Credit risk is the risk of economic loss resulting from a counterparty being unable or unwilling to fulfil its contractual payment obligations. Credit risk thus includes not only the immediate default risk, but also the risk of a worse credit rating along with the risk of concentration of individual risks.

In its operational business, as well as in some of its financing activities, ALSO is exposed to a default risk. In the financial area, ALSO manages the resulting risk position by the diversification of financial institutions and by verification of the financial strength of each counterparty based on publicly available ratings, as well as on publicly available ad-hoc information about the financial institutions.

Credit quality December 31, 2020

EUR 1 000											
	Standard & Poor's	AA+	AA	AA-	A+	A	A-	BBB+	BBB	No rating	Total
	Moody's	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2		
	Fitch	AA+	AA	AA-	A+	A	A-	BBB+	BBB		
Cash and cash equivalents (Note 5.1)		16 087	66 209	21 565	193 140	119 258	52 760	7 161	6 149	833	483 162
Receivables from factoring (Note 5.4)		0	0	34 219	176 191	81 718	21 377	0	13 460	0	326 965
		2.0 %	8.2 %	6.9 %	45.7 %	24.8 %	9.2 %	0.8 %	2.4 %	0.0 %	100.0 %

Credit quality December 31, 2019

EUR 1 000											
	Standard & Poor's	AA+	AA	AA-	A+	A	A-	BBB+	BBB	Total	Total
	Moody's	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2		
Cash and cash equivalents (Note 5.1)		441	6	87 296	119 135	70 160	14 722	49 285	7 358	1 061	349 464
Receivables from factoring (Note 5.4)		0	0	39 985	199 247	34 193	10 775	0	20 672	0	304 872
		0.1 %	0.0 %	19.4 %	48.7 %	15.9 %	3.9 %	7.5 %	4.3 %	0.2 %	100.0 %

The credit quality of financial institutions is displayed based on public ratings by Standard & Poor's, Moody's or Fitch. The rating code is a letter code that indicates the default risk of a debtor (country, company) and hence allows easy assessment of its creditworthiness. An independent, statistically determinable and validatable probability of default can be assigned to each rating code.

AAA/Aaa	Risk of default is virtually zero.
AA/Aa	Safe investment, with slight risk of default.
A	The investment is safe provided that no unforeseen eventualities impair the overall economy or the industry.
BBB/Baa	The investment is sufficient save but more dependent on economic developments than the above categories
<BBB/Baa	Mainly investments for which no public rating exists.

Ratings may be modified by the addition of a plus (+) or minus (-) sign or by the number 1 to 3 to move the rating up or down within the rating group.

In the operational area, ALSO limits the default risk by constantly monitoring customers' credit ratings and setting credit limits based thereon. The operational companies of the Group have largely insured their open trade receivables by means of credit insurances. The credit insurances generally cover defaults for 85 to 95 % of the insured amounts. The residual credit default risk on trade receivables is therefore considered by ALSO to be limited, particularly since it is further minimized by the large number of customers and their wide geographical distribution. In addition, to further reduce default risks, certain receivables were completely sold.

Resulting from this sale are receivables from factors amounting to TEUR 326 965 (previous year: TEUR 304 872) see Note 5.4, which are spread over several factoring partners. The largest receivable from a single factoring partner is for TEUR 127 039 (previous year: TEUR 87 939). During the long-standing business relationships with the factoring companies, no losses on receivables have occurred. The risk of loss on receivables from factoring partners is not insured with credit insurances. The default risk of loss is minimized by ALSO through regular evaluation of the factoring partners.

Receivables which have not been sold, are impaired in general and if necessary by individual amounts. Experience from the past indicates that this risk can be considered to be low see also Note 5.2. The maximum credit risk (including derivative financial instruments with a positive market value) is represented by the carrying amounts of the financial assets. ALSO has not issued any financial guarantees in favor of third parties.

Liquidity risks

The central liquidity risk management system ensures that the Group is always in a position to fulfil its payment obligations promptly. ALSO continuously monitors its liquidity with a detailed cash flow plan on a daily basis. Extensive planning ensures furthermore that sufficient liquidity is available in the medium and long term.

ALSO's objective is to obtain liquidity corresponding to the necessary timing. Since the main requirement for finance is to cover the operational business activities, which are subject to large seasonal fluctuations, over the year as a whole most of the sources of funds are short-term. The necessary funds are mainly obtained by selling existing receivables to factoring companies and supplemented by bank lines of credit that are available at short notice. At the reporting date, the unutilized available credit lines with banks amounted to EUR 735 million (previous year: EUR 763 million).

The following table shows the financial liabilities of the Group by expiration date. The information is based on contractually agreed undiscounted interest and amortization payments. Forward purchases and sales of foreign currencies are not included in the financial derivatives. Since the forward transactions do not cause any net negative cash flow, they do not present a liquidity risk to ALSO.

Financial liabilities by expiration date 2020

EUR 1 000	Carrying amount 12.31.2020	Total cash flow	Up to 1 year	1 to 5 years	1 to 5 years
Trade payables	1 310 642	1 310 642	1 310 642	0	0
Other liabilities	40 822	40 822	40 822	0	0
Loans from banks and third parties and bonded loans	320 881	323 019	67 826	228 693	26 500
Liabilities from factoring	11 985	11 995	11 995	0	0
Contingent consideration from the acquisition of subsidiaries	7 128	7 420	2 730	4 690	0
Lease liabilities	105 299	109 540	27 557	64 727	17 256
Total	**1 796 757**	**1 803 438**	**1 461 572**	**298 110**	**43 756**
DERIVATIVE FINANCIAL INSTRUMENTS					
Interest rate swaps (net)	9 534	9 818	1 921	6 707	1 190
Interest rate options (net)	1 677	1 989	331	1 416	242

Financial liabilities by expiration date 2019

EUR 1 000	Carrying amount 12.31.2019	Total cash flow	Up to 1 year	1 to 5 years	1 to 5 years
Trade payables	1 271 464	1 271 464	1 271 464	0	0
Other liabilities	66 064	66 064	66 064	0	0
Loans from banks and third parties and bonded loans	338 255	355 152	39 037	288 445	27 670
Liabilities from factoring	21 643	21 694	21 694	0	0
Contingent consideration from the acquisition of subsidiaries	17 428	17 887	6 074	11 813	0
Lease liabilities	119 947	125 887	27 917	75 667	22 303
Total	**1 834 801**	**1 858 148**	**1 432 250**	**375 925**	**49 973**
DERIVATIVE FINANCIAL INSTRUMENTS					
Put options	1 661	1 661	1 661	–	0
Interest rate swaps (net)	8 578	10 875	1 788	6 991	2 096
Interest rate options (net)	1 717	2 319	331	1 505	483

The table includes all instruments held on December 31, 2020 and 2019 respectively, for which payments had already been contractually agreed. Plan figures for future new liabilities are not included. Foreign currency amounts were translated at the year-end exchange rate. The variable interest payments from the financial instruments were calculated using the interest rates fixed at December 31, 2020 and 2019, respectively. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity date, irrespective of the fact that the greater part of these financial liabilities is revolving.

Interest rate risks

ALSO's interest rate risks relate mainly to current financial liabilities with variable interest rates. Interest rate fluctuations cause changes in the interest income and expense of the interest-bearing assets and liabilities. ALSO is particularly exposed to interest rate risks in EUR, CHF, PLN and DKK.

The interest rate management is handled centrally. Short-term interest rate risks are only partially hedged, a material part of interest bearing-liabilities hence remaining exposed to interest rate fluctuations. Also see Note 6.2

Taking into account the existing and planned debt structure, interest derivatives are used if necessary to meet the bandwidths recommended by central Group treasury and prescribed by management. Since ALSO uses fixed as well as variable interest-bearing instruments, interest risks may result from an increase as well as a decrease in market interest rates.

ALSO is closely monitoring developments related to the conversion of reference interest rates. It will contact the counterparties in due course to implement the switch in individual contracts.

Sensitivity analysis

Interest rate risks are evaluated by means of sensitivity analyses. These sensitivity analyses demonstrate the effects of changes in market interest rates on unsecured variable interest expense and income, as well as on equity, when all other variables remain constant.

The change in the market interest rates affects the value and the effectiveness of the hedging instruments and therefore affects equity and the financial result. If the market interest rate on December 31, 2020 and 2019 respectively, had been 100 base points higher/lower, the effect would have been as follows:

Sensitivity of interest rates 2020

EUR 1 000	Effect on the financial result	Effect on the equity
Market interest rates + 100 bps	– 4 061	5 150
Market interest rates – 100 bps	1 098	– 4 047

Sensitivity of interest rates 2019

EUR 1 000	Effect on the financial result	Effect on the equity
Market interest rates + 100 bps	– 6 264	6 679
Market interest rates – 100 bps	1 396	– 4 878

Market interest rates were slightly negative in 2020 and 2019. Because some financing partners do not pass on negative interest rates to ALSO, the financing costs would not be affected to the same extent by a 100 bps decrease as they would be by a 100 bps increase. ALSO concluded new hedging instruments in 2017 and in 2019 that take account of the negative interest rate environment so as to rule out additional negative effects on the financial result. Amongst others, ALSO uses interest rate options to protect itself against increasing interest rates in the mid-term. However, those instruments do not have an impact on the financial result in the above disclosed sensitivity of interest rates. The measurement of hedging instruments is purely a valuation effect that does not result in any outflow of cash for ALSO.

This analysis is based on the assumption that the amount at the respective reporting date corresponds closely to the average amount utilized during the year.

Exchange rate risks

A material part of the cash flows of the operational companies occurs in currencies which are not the functional currencies of those subsidiaries. ALSO is therefore exposed to foreign currency risks. Foreign currency risks are only hedged if they affect the cash flow of the Group. Exchange rate risks that arise in the consolidated financial statements through the translation of income statement and statements of financial position of subsidiaries are not hedged.

In the purchasing area, a certain amount is conducted in foreign currencies, especially EUR (where it is not the functional currency) and in USD. To hedge this exchange rate risk, Central Treasury hedges the purchasing volumes of the operating companies outside their functional currency.

Certain group-internal loans between subsidiaries with different functional currencies give rise to foreign currency risks. ALSO hedges most of these risks. Speculative borrowing or lending in foreign currencies is not permitted. Transaction-related foreign currency risks are also monitored and the corresponding net exposures in the various currencies are calculated.

By regular use of forward contracts, ALSO constantly reduces the exchange rate risk so that there is no material exchange rate risk to the Group. The table below shows the main unsecured net exposures of the Group at the end of 2020 and 2019 respectively. These usually reflect the open risks over the year.

Unhedged net exposure

EUR 1 000	EUR/USD	EUR/CHF	EUR/PLN	EUR/DKK	EUR/NOK	EUR/SEK	EUR/HRK	EUR/BGN
December 31, 2020	**35 913**	**4 036**	**24 781**	**9 846**	**334**	**3 791**	**8 873**	**1 014**
December 31, 2019	67 686	5 939	30 092	9 754	10 937	11 554	11 333	8 196

Sensitivity analysis

If, on December 31, 2020 and 2019 respectively, the EUR had been 10 % stronger/weaker relative to the reporting date balances in those currencies, and all other variables had remained unchanged, the income statement and shareholders' equity (net, after tax) would have been TEUR 6 788 higher/lower (previous year: TEUR 11 039). The disclosed net exposures are mainly offset by inventories which are held in foreign currencies. Those inventories will be sold within a short period of time and would therefore largely compensate the effects explained above on the income statement.

Exchange differences resulting from the translation of entities whose functional currency is not the Euro are not included in the sensitivity analysis.

Capital management

The overriding objective of capital management at ALSO is to maintain an appropriate equity base in order to preserve the trust of investors, customers, and the market, and to support future developments in the core business. The internal target value for the ratio of equity to total assets has been defined as 25 to 35 %.

The capital management serves to maintain an optimal Group-wide capital structure which not only gives ALSO sufficient financial flexibility, but also maintains a high credit rating.

The equity structure can be maintained or modified by means of the dividend policy, capital repayments, and, if necessary, capital increases.

The capital structure is monitored on the basis of the net financial debt and reported equity. Net financial debt comprises interest-bearing financial liabilities less cash and cash equivalents.

EUR 1 000	12.31.2020		12.31.2019	
Current financial liabilities	108 223		88 592	
Non-current financial liabilities	337 070		408 681	
Total financial liabilities (Note 5.8)	**445 293**		**497 273**	
./. Cash and cash equivalents (Note 5.1)	–483 162		–349 464	
Net financial debt	**–37 869**	**–1.3 %**	**147 809**	**5.2 %**
Reported equity	821 325	28.5 %	732 263	25.9 %
Equity and net financial debt	783 456	27.2 %	880 072	31.2 %
Total liabilities and equity	**2 882 098**	**100.0 %**	**2 823 632**	**100.0 %**

6.8 Factoring

ALSO has sold or assigned trade receivables to independent factoring companies. To the extent that a significant transfer of risk takes place, these transactions reduce the total receivables of the Group.

Receivables fully derecognized in the statement of financial position

If the sale of trade receivables transfers all material rewards and risks to the factoring company, under IFRS 9 these receivables are fully derecognized and a corresponding receivable from the factoring company is recognized see Note 5.4.

Due to the contractual terms of the factoring program, ALSO is exposed to certain residual risks even after the trade receivables are sold. For the time period between maturity and payment of the sold receivables, ALSO is obliged to pay interest to the factoring company (interest risk for late payments).

Residual risks of fully derecognized receivables

EUR 1 000	Carrying amount/fair value of loss risk	Theoretical maximum loss risk
Interest risk for late payment	78	631
Total December 31, 2020	**78**	**631**
Interest risk for late payment	131	2 046
Total December 31, 2019	**131**	**2 046**

Taking into account ongoing creditworthiness checks, the large number of customers, and their historical payment behavior, as well as the known time period between maturity and payment of the sold receivables, ALSO expects that interest of TEUR 78 (previous year: TEUR 131) for late payments will be due on sold receivables at December 31, 2020. Corresponding accruals for these amounts were therefore made at December 31, 2020 and 2019, respectively.

Should the theoretical case occur of default on payment of all receivables that have been sold, ALSO would have to pay interest to the factors for the time period between maturity of the sold receivables and a contractually agreed latest date. As of at December 31, 2020, the theoretical maximum value at risk from this loss was estimated at TEUR 631 (previous year: TEUR 2 046).

Receivables not fully derecognized in the statement of financial position

In some agreements, neither complete transfer nor complete retention of the rewards and risks of the receivables can be assumed. Under these agreements, the trade receivables are not fully derecognized, and a residual amount remains recognized in the statement of financial position. Under IFRS 9, this residual amount represents a so-called “continuing involvement”.

The trade receivables of TEUR 827 991 (previous year: TEUR 747 183, see Note 5.2) therefore contain a continuing involvement for the amount of TEUR 28 641 (previous year: TEUR 55 126).This is composed of the residual interest risk for late payments of TEUR 825 (previous year: TEUR 1 546), the residual credit risk of TEUR 26 409 (previous year: TEUR 48 432), and the residual exchange rate risk of TEUR 1 407 (previous year: TEUR 5 148).

Due to the continuing involvement, there is a corresponding obligation for the amount of TEUR 28 641 (previous year: TEUR 55 126), which is recognized in accrued expenses, deferred income and other payables. In addition, there is an accrual for the amount of TEUR 101 (previous year: TEUR 165) for the fair value of the residual risk of the continuing involvement. Only the change in the true uncollectibility and interest risk is recognized through profit or loss.

Net obligation 2020

EUR 1 000	Carrying amount/fair value
Asset from continuing involvement	28 641
Obligation from continuing involvement	28 742
Net obligation at December 31, 2020	**–101**

Net obligation 2019

EUR 1 000	Carrying amount/fair value
Asset from continuing involvement	55 126
Obligation from continuing involvement	55 291
Net obligation at December 31, 2019	**–165**

At the reporting date, the gross amount of these sold receivables with continuing involvement was TEUR 297 055 (previous year: TEUR 474 403).

Liability from factoring 2020

EUR 1 000	Fair value of the remaining risk	Obligation from continuing involvement	Total liability from factoring
Receivables fully derecognized	78	0	78
Receivables not fully derecognized	101	28 641	28 742
December 31, 2020 (Note 5.9)	**179**	**28 641**	**28 820**

Liability from factoring 2019

EUR 1 000	Fair value of the remaining risk	Obligation from continuing involvement	Total liability from factoring
Receivables fully derecognized	131	0	131
Receivables not fully derecognized	165	55 126	55 291
December 31, 2019 (Note 5.9)	**296**	**55 126**	**55 422**

6.9 Events after the reporting period

No material events occurred after the reporting period.

6.10 Approval of the ALSO Group consolidated financial statements

These consolidated financial statements were released for publication by the Board of Directors of ALSO Holding AG on February 18, 2021, and will be submitted to the Annual General Meeting of March 17, 2021, for approval.

Statutory auditor's report on the audit of the consolidated financial statements

To the General Meeting of
ALSO Holding AG, Emmen

Zurich, February 18, 2021

Opinion

We have audited the consolidated financial statements of ALSO Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position as at December 31, 2020, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 66 to 129) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of goodwill

Area of focus

Goodwill represents 6% of ALSO's total assets and 22% of the Group's total equity as at December 31, 2020. As stated in Note 2.4 to the consolidated financial statements, the carrying value of goodwill is tested at least annually for impairment. The Company's annual impairment test determined that there was no impairment. Key assumptions concerning the impairment test are disclosed in Note 5.7 to the consolidated financial statements. In determining the fair value of Cash Generating Units as defined by Group Management, the Company must apply judgment in estimating – amongst other factors – cash flow projections based on the financial plan as well as the discount rate. Due to the significance of the carrying values for goodwill and the judgment involved in performing the impairment tests, this matter was considered significant to our audit.

Our audit response

We assessed the design of the Company's internal controls over its annual impairment tests and key assumptions applied and evaluated Group Management's definition of Cash Generating Units. We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including long-term growth and discount rates. We assessed future revenues and margins, the historical accuracy of the Company's financial budget and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth. Our audit procedures did not lead to any reservations concerning the valuation of goodwill.

Other matter

The consolidated financial statements of ALSO Holding AG for the year ended December 31, 2019 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on February 19, 2020.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Simon Zogg	**Christian Schibler**
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

PROFIT OR LOSS STATEMENT OF ALSO HOLDING AG

CHF 1 000	2020	2019
Service revenue	28 682	23 947
Investment revenue	41 860	91 982
Service expenses	–18 206	–15 370
Personnel expenses	–7 281	–6 023
Other operating expenses	–9 123	–7 427
Financial income	15 168	12 723
Financial expenses	–7 558	–20 709
Direct tax expenses	–509	2
Net profit	**43 033**	**79 125**

BALANCE SHEET OF ALSO HOLDING AG

Assets

CHF 1 000	12.31.2020	12.31.2019
Cash	95 260	339
Other current receivables		
from Group companies	166 502	298 197
Prepaid expenses and accrued income	249	1 012
Total current assets	**262 011**	**299 548**
Loans to Group companies	147 080	193 459
Investments	583 152	537 042
Prepaid expenses and accrued income	1 391	1 872
Intangible assets	0	1 181
Total non-current assets	**731 623**	**733 554**
Total assets	**993 634**	**1 033 102**

Liabilities and equity

CHF 1 000	12.31.2020	12.31.2019
Liabilities to banks (interest-bearing)	54 010	14 110
Other current payables		
to third parties	2 444	4 513
to Group companies (interest-bearing)	718	20 832
Accrued expenses and deferred income	16 620	15 054
Total current liabilities	**73 792**	**54 509**
Liabilities to banks (interest-bearing)	243 619	303 735
Total non-current liabilities	**243 619**	**303 735**
Total liabilities	**317 411**	**358 244**
Share capital	12 849	12 849
Legal capital reserves		
foreign capital contribution reserve	114 990	156 658
share-premium reserve	8 618	8 618
Legal reserves		
general reserve	1 100	1 100
Special reserve	90 000	90 000
Retained earnings		
balance brought forward	407 173	328 048
net profit	43 033	79 125
Treasury shares	–1 540	–1 540
Total shareholders’ equity	**676 223**	**674 858**
Total liabilities and equity	**993 634**	**1 033 102**

NOTES TO THE FINANCIAL STATEMENTS OF ALSO HOLDING AG

General

The financial statements of ALSO Holding AG, with registered office in Emmen, Switzerland, comply with the requirements of the Swiss Code of Obligations (SCO).

Basis of preparation

Assets are valued at no higher than acquisition cost. All changes in value are recognized in the profit or loss statement. Due to their similarity investments are usually grouped together and tested for impairment once a year. Intangible assets are amortized over five years. Gains and losses from disposals of treasury shares, including transaction costs, are recognized directly in legal reserves. Liabilities are valued at nominal value.

All current assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable on the balance sheet date. For non-current assets and liabilities the imparity principle is applied. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated using the exchange rates as of the transaction dates. Resulting foreign exchange differences are recognized in the profit or loss statement.

Derivatives with positive replacement values are recognized at their acquisition cost. Derivatives with negative replacement values are recognized at their fair values.

Capital

	Total in CHF 12.31.2020	Number of shares	Nominal value per share in CHF
Subscribed capital	12 848 962	12 848 962	1.00
Authorized capital increase (unclaimed)	2 500 000	2 500 000	1.00
Conditional capital increase (unclaimed)	2 500 000	2 500 000	1.00

Capital is unchanged compared to previous year..

Treasury shares

	Number	Value in TCHF	Price in CHF
January 1, 2019	**28 089**	**1 540**	**111.40**
Additions	–		
Disposals	–		
Revaluation		–	
December 31, 2019	**28 089**	**1 540**	**163.40**
Additions	–		
Disposals	–		
Revaluation		–	
December 31, 2020	**28 089**	**1 540**	**253.00**

Treasury shares are measured at their historic cost..

Major shareholders

	12.31.2020	12.31.2019
Special Distribution Holding GmbH, Düsseldorf (Germany) 1)	51.30 %	51.30 %
J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	2)	3.00 %

Share register as of December 31 (without nominees)
1) Controlling shareholder: Walter P.J. Droege through Droege Group AG
2) Percentage of the voting rights is below disclosure threshold

Contingent liabilities

CHF 1 000	12.31.2020	12.31.2019
Conditional liabilities towards third parties	1 051 596	1 114 724
Letters of comfort	p.m.	p.m.
Total	**1 051 596**	**1 114 724**

The contingent liabilities of ALSO Holding AG cover the conditional liabilities for bank guarantees, borrowing arrangements and delivery commitments of the Group companies.

Liabilities to defined benefit plans

CHF 1 000	12.31.2020	12.31.2019
ALSO pension fund	0	5
Total	**0**	**5**

Number of full-time equivalent positions

2020, the average number of full-time equivalent positions was 6 (previous year: 6).

Information about directly or indirectly controlled investments

Country	Head office	Company	Participation [1] 12.31.2020	Participation [1] 12.31.2019	Share capital in 1 000	Currency	Code
Switzerland	Emmen	ALSO Schweiz AG	100 %	100 %	100	CHF	D
	Uetendorf	Corvice AG	100 %	100 %	100	CHF	S
	Emmen	Quatec AG	100 %	100 %	100	CHF	S
Belgium	Mechelen	ALSO Belgium BVBA	100 %	100 %	8 331	EUR	D
	Mechelen	AllThingsTalk NV	100 %	100 %	5 515	EUR	S
Bulgaria	Sofia	ALSO Bulgaria EOOD	100 %	100 %	5	BGN	D
Denmark	Tåstrup	ALSO A/S	100 %	100 %	39 000	DKK	D
Germany	Soest	ALSO Deutschland GmbH	100 %	100 %	20 000	EUR	D
	Osnabrück	SEAMCOM GmbH & Co. KG	100 %	100 %	203	EUR	D
	Osnabrück	SEAMCOM Verwaltungs GmbH	100 %	100 %	26	EUR	S
	Straubing	ALSO MPS GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann.de GmbH & Co. KG	100 %	100 %	200	EUR	S
	Berlin	LumIT GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO International Services GmbH	100 %	100 %	100	EUR	S
	Soest	ALSO IH GmbH	100 %	100 %	25	EUR	S
	Soest	Impaso Online Services GmbH	100 %	100 %	25	EUR	S
	Staufenberg	Fulfilment Plus GmbH	[3]	100 %	50	EUR	S
	Pullach i. Isartal	SINAS Beteiligungs GmbH & Co. Vermietungs-KG	0 %	0 %	9	EUR	S
	Soest	MEDIUM GmbH	100 %	100 %	50	EUR	D

Country	Head office	Company	Participation [1] 12.31.2020	Participation [1] 12.31.2019	Share capital in 1 000	Currency	Code
	Frankfurt am Main	Pestinger GmbH	74.8 %	74.8 %	26	EUR	D
	Stuttgart	Beamer & more GmbH	51 %	51 %	25	EUR	D
	Berlin	ALSO Enterprise Services GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann Verwaltungs GmbH	100 %	100 %	25	EUR	S
	Berlin	Webinstore AG	99.99 %	99.99 %	500	EUR	S
	Soest	ALSO Mobility Services GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO Logistics Services GmbH i. L.	100 %	100 %	25	EUR	S
	Seevetal	ALSO Financial Services GmbH	9.9 %	9.9 %	50	EUR	S
Estonia	Tallinn	ALSO Eesti OÛ	100 %	100 %	192	EUR	D
Finland	Tampere	ALSO Nordic Holding Oy	100 %	100 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100 %	100 %	841	EUR	D
	Helsinki	ALSO Cloud Oy	100 %	100 %	11	EUR	S
	Helsinki	ALSO Cloud Solutions Oy	100 %	100 %	3	EUR	S
France	Gennevilliers	ALSO France S.A.S.	100 %	100 %	14 500	EUR	D
	Gennevilliers	LAFI Logiciels Application Formation Information S.A.S	100 %	100 %	400	EUR	S
	Paris	BeIP S.A.S. [4]	100 %	51 %	147	EUR	D
Croatia	Zagreb	ALSO Croatia d.o.o.	100 %	100 %	20 000	HRK	D
Latvia	Mārupe	SIA „ALSO Latvia“	100 %	100 %	1 210	EUR	D
	Riga	ALSO Cloud Latvia SIA	100 %	100 %	100	EUR	S
Lithuania	Kaunas	UAB „ALSO Lietuva“	100 %	100 %	1 883	EUR	D
	Kaunas	UAB „Sophela“	100 %	100 %	3	EUR	S
	Kaunas	UAB „ABC Data Lietuva"	100 %	100 %	75	EUR	D
Morocco	Casablanca	BeIP International	100 %	100 %	50	MAD	D
Netherlands	Nijmegen	ALSO Nederland B.V.	100 %	100 %	1 000	EUR	D
	Nijmegen	ALSO Digital Holding B.V. in Liquidation	[2]	51 %	18	EUR	S
	Nijmegen	ALSO International B.V.	100 %	100 %	18	EUR	D
Norway	Stokke	ALSO AS	100 %	100 %	11 063	NOK	D

Country	Head office	Company	Participation 1) 12.31.2020	Participation 1) 12.31.2019	Share capital in 1 000	Currency	Code
Austria	Gross- Enzersdorf	ALSO Austria GmbH	100 %	100 %	100	EUR	D
	Guntramsdorf	dicom Computer-Vertriebsges.m.b.H.	100 %	0 %	218	EUR	D
Poland	Warsaw	ALSO Polska sp. z o.o.	100 %	100 %	133 300	PLN	D
	Warsaw	Roseville Investments sp. z o.o.	5)	100 %	1 000	PLN	D
	Warsaw	iSource S.A.	100 %	100 %	16 327	PLN	D
	Warsaw	S4E S.A.	81.3 %	81.3 %	1 737	PLN	D
	Goleniow	MLS sp. z o.o.	100 %	100 %	5 000	PLN	D
	Szczecin	iTerra sp. z o.o.	100 %	100 %	3 250	PLN	S
Romania	Bucharest	ALSO Technology SRL	100 %	100 %	13 505	RON	D
Sweden	Kista	ALSO Sweden AB	100 %	100 %	1 000	SEK	D
Slovakia	Bratislava	ALSO Slovakia s.r.o.	100 %	100 %	947	EUR	D
Slovenia	Ljubljana	ALSO d.o.o.	100 %	100 %	8	EUR	D
	Ljubljana	ALSO Technology Ljubljana d.o.o.	100 %	100 %	1 710	EUR	D
	Ljubljana	VAD d.o.o.	100 %	100 %	50	EUR	D
	Ljubljana	Marmis d.o.o.	100 %	100 %	9	EUR	D
Serbia	Belgrade	ALSO Platform Development d.o.o.	100 %	0 %	0.1	RSD	S
Ukraine	Kiew	TOB Sophela	100 %	100 %	96	UAH	S
Hungary	Budapest	ALSO Hungary Kft.	100 %	100 %	35	HUF	D
Belarus	Minsk	Sophela OOO	100 %	100 %	7	BYN	S

Codes: D = Distribution, S = Service/Holding company

1) 1 Participation equals ALSO Holding AG›s direct or indirect voting interest in the company
2) In 2020, the insolvency proceedings were completed.
3) In 2020, Fulfilment Plus GmbH was merged with MEDIUM GmbH.
4) In 2020, ALSO acquired the remaining voting shares in BelP.
5) In 2020, Roseville Investments sp. z o.o. was merged with ALSO Polska sp. z o.o.

Participations, conversion rights and options

In accordance with Art. 25 of the Articles of Association, no participations, conversion rights or options are granted to members of the Board of Directors or Group Management.

The existing participations, conversion rights, and options of the members of the Board of Directors and Group Management and their related parties are as follows:

Board of Directors 2020

12.31.2020	Number of shares	Number of options
Gustavo Möller-Hergt Chairman/Executive Member	–	–
Walter P. J. Droege Vice-Chairman	6 592 032	–
Rudolf Marty	10	–
Frank Tanski	–	–
Peter Athanas	–	–
Ernest-W. Droege	–	–
Total	**6 592 042**	**–**

Board of Directors 2019

12.31.2019	Number of shares	Number of options
Gustavo Möller-Hergt Chairman/Executive Member	–	–
Walter P. J. Droege Vice-Chairman	6 592 032	–
Rudolf Marty	10	–
Frank Tanski	–	–
Peter Athanas	–	–
Ernest-W. Droege	–	–
Total	**6 592 042**	**–**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. All other members of the Board of Directors are non-executive members.

Group management

Neither in the reporting year nor in the prior year did the members of Group Management receive participations, conversion rights, or options.

Additional disclosures, statement of cash flows and status report

In accordance with Art. 961d, Paragraph 1, of the Swiss Code of Obligations, additional disclosures, the statement of cash flows and the status report are dispensed with, as the ALSO Holding AG prepares the consolidated financial statements in accordance with a generally accepted financial reporting standard.

Events after the reporting period

These financial statements were released for publication by the Board of Directors of ALSO Holding AG on February 18, 2021, and will be submitted to the Annual General Meeting of March 17, 2021, for approval.

No material events occurred after the reporting period.

There are no further matters requiring disclosure according to the Swiss Code of Obligations (SCO) Art. 959c.

Proposal of the Board of Directors to the Annual General Meeting of March 17, 2021

Proposal of the Board of Directors to the Annual General Meeting

CHF 1 000	2020	2019
Brought forward, January 1	407 173	328 048
Net profit	43 033	79 125
Dissolution of foreign capital contribution reserve	48 078	41 668
Total available earnings	**498 284**	**448 841**
Disbursement of foreign capital contribution reserve	**–48 078**	**–41 668**
Balance to be carried forward	450 206	407 173

If the proposal is accepted by the shareholders, the dividend is tax-free for shareholders resident in Switzerland who hold the shares as private assets, because it is paid from foreign capital contribution reserves.

EY

Report of the statutory auditor on the financial statements

To the General Meeting of
ALSO Holding AG, Emmen

Zurich, February 18, 2021

As statutory auditor, we have audited the financial statements of ALSO Holding AG, which comprise the profit or loss statement, balance sheet and notes (pages 133 to 140), for the year ended December 31, 2020.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2020 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments

Area of focus

Investments represent 59 % of the ALSO Holding AG's total assets and 86 % of the Company's total equity as at December 31, 2020. Corresponding disclosure can be found in Notes "Basis of preparation" and "Information about directly or indirectly controlled investments" to the financial statements. The Company performed an annual impairment test of all significant investments as per year-end 2020. In determining the recoverability of the investments, the Company must apply judgment in estimating – amongst other factors – cash flow projections based on the budget as well as the discount rate. Due to the significance of the carrying values for investments and the judgment involved in performing the impairment tests, this matter was considered significant to our audit.

Our audit response

We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including long-term growth and discount rates. We assessed future revenues and margins, the historical accuracy of the Company's financial budget and considered its ability to produce accurate long-term forecasts. In addition, we assessed the investments for impairment and the presentation and disclosure requirements. Our audit procedures did not lead to any reservations concerning the valuation of investments.

Other matter

The financial statements of ALSO Holding AG for the year ended December 31, 2019 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on February 19, 2020.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Simon Zogg	**Christian Schibler**
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

ALTERNATIVE PERFORMANCE MEASURES

This report contains certain Alternative Performance Measures which are not accounting measures as defined by IFRS. These measures should not be used instead of the IFRS-based consolidated financial statements, but as a supplement.

Organic growth

The organic growth results from the change in the total net sales of all Group companies that were part of the ALSO Group at the beginning of the comparative period. The change in total net sales of companies acquired in the fiscal year or in the previous year is added to the inorganic growth.

In million euro	
Total net sales 2019	10 692.7
Organic growth	512.5
Inorganic growth	693.2
Total net sales 2020	11 898.4

In million euro	
Total net sales 2012	6 297.0
Organic growth	2 618.3
Inorganic growth	2 983.1
Total net sales 2020	11 898.4

Supply, Solutions and Service net sales

In million euro	2020	2019	Deviation
Total net sales	11 898.4	10 692.7	11.3 %
thereof Supply	8 423.3	7 533.5	11.8 %
thereof Solutions	2 975.7	2 732.7	8.9 %
thereof Service	499.4	426.5	17.1 %

In the year under review, ALSO reallocated product categories that are assigned to the remote working segment and are mainly distributed via small and medium-sized businesses (SMB) to the Solutions business model. The reclassification from the Supply business model to Solutions was made due to the necessary consulting expertise that is typical for the Solutions business model.

The prior-year figures have been adjusted accordingly:

In million euro	2019 Adjusted	Adjustment	2019 Reported
Total net sales	10 692.7		10 692.7
thereof Supply	7 533.5	−850.1	8 383.6
thereof Solutions	2 732.7	850.1	1 882.6
thereof Service	426.5		426.5

Sustainable Growth Rate (SGR)

$$SGR = \left(\frac{\textit{Net profit Group}}{\textit{Total net sales}}\right) \times \left(\frac{\textit{Total net sales}}{\textit{Total assets}}\right) \times \left(\frac{\textit{Net profit Group previous year} - \textit{dividend}}{\textit{Net profit Group previous year}}\right) \times \left(\frac{\textit{Total assets}}{\textit{Equity}}\right)$$

	2020	2019	2018	2017	2016	2015	2014	2013	2012
SGR	9.8 %	8.3 %	8.0 %	10.1 %	10.0 %	8.1 %	9.7 %	8.4 %	8.4 %

Foreign currency effect

The foreign currency effect results from the following circumstances:

- The foreign currency effect on total net sales: The sales price is calculated on the basis of the moving average of the inventories valued in a foreign currency calculated at the spot price. The difference between the moving average translated at the spot price on the reporting date and the moving average in the local currency is assessed as foreign currency impact in total net sales.
- The foreign currency effect on cost of goods sold and services provided: The currency effects relate to currency valuations from open foreign currency liabilities, realized foreign currency effects with supplier payments, valuation of open forward exchange contracts and realized foreign currency effects from forward exchange contracts.

In million euro	2020	2019
Foreign currency effect on total net sales	–0.7	0.9
Foreign currency effect on cost of goods sold and services provided	2.9	1.1
Foreign currency effect	**2.2**	**2.0**

EBITDA without effect due to IFRS 16 leases

EBITDA is impacted by the adoption of IFRS 16. Since January 1, 2019, ALSO recognizes assets and liabilities for virtually all leases. As a result, leasing expenses are no longer reported as part of operating expenses, but as depreciation and financial expense below EBITDA. For that purpose depreciation of right-of-use assets and the interest expenses on lease liabilities were deducted from the reported EBITDA.

In million euro	2020	2019
EBITDA as reported	227.5	196.7
IFRS 16 effect	25.3	23.9
EBITDA (without IFRS 16 effect)	**202.2**	**172.8**

Net financial debt without effect due to IFRS 16 leases

NFD = current financial liabilities
+ non–current financial liabilities
– cash and cash equivalents

The net financial debt is corrected for lease liabilities:

In million euro	2020	2019
Current financial liabilities	108.2	88.6
Non-current financial liabilities	337.1	408.7
Total financial liabilities	**445.3**	**497.3**
./. Cash and cash equivalents	–483.2	–349.5
Net financial debt as reported	**–37.9**	**147.8**
IFRS 16 effect	–105.3	–114.1
Net financial debt (without IFRS 16 effect)	**–143.2**	**33.7**

Free cash flow (FCF)

In million euro	2020	2019	2018	2017	2016
Cash flow from operating activities	246.2	312.1	88.1	94.9	90.0
Cash flow from investing activities	–19.6	–72.6	–30.2	–27.6	–19.5
Free cash flow (FCF)	**226.6**	**239.5**	**57.9**	**67.3**	**70.5**

Return on capital employed (ROCE)

$$ROCE = \frac{NOPAT}{Capital\ Employed}$$

$$ROCE = \frac{\text{Net profit Group + Financial expense – Financial income}}{\text{Equity + Provisions for employee benefits + Current and non-current financial liabilities – Cash and cash equivalents}}$$

ROCE is and will be adjusted for the effects of IFRS 16 in the components financial expenses and financial liabilities.

	2020	2019	2018	2017	2016	2015	2014	2013	2012
ROCE	21.0 %	15.5 %	11.8 %	13.5 %	13.0 %	11.2 %	11.5 %	12.7 %	12.7 %

Days inventory outstanding (DIO), days sales outstanding (DSO) and days payables outstanding (DPO)

$$\textit{DIO, DSO resp. DPO} = \frac{\textit{Inventories resp. trade receivables resp. trade payables as at 12.31.}}{\textit{Net sales of December}} \times 30$$

The performance measures DIO, DSO and DPO are calculated based on the net sales in December, since a calculation with all-year values would be diluted by the seasonality.

	2020	2019
DIO	18	25
DSO	20	21
DPO	32	35
Cashday (DIO + DSO – DPO)	**6**	**11**

Earnings per share EPS (in CHF)

EPS (in CHF) = EPS (in EUR) × EUR/CHF average rate

	2020	2019
Earnings per share EPS (in EUR)	10.14	7.8
EUR/CHF average rate	1.0705	1.1124
Earnings per share EPS (in CHF)	10.86	8.68

Equity per registered share (in CHF)

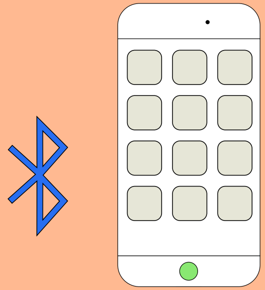
$$\textit{Equity per registered share (in CHF)} = \frac{\textit{Equity in EUR} \times \textit{EUR/CHF rate as at 12.31.}}{\textit{Numbers of registered shares}}$$

	2020	2019
Equity (in million EUR)	821.3	732.3
EUR/CHF rate as at 12.31.	1.0802	1.0854
Equity (in million CHF)	887.17	794.84
Amount of registered shares	12 848 962	12 848 962
Equity per registered share in CHF	69.05	61.86

Price-earnings ratio (P/E ratio)

$$\textit{P/E ratio} = \frac{\textit{Share price at year-end}}{\textit{EPS in CHF}}$$

	2020	2019	2018	2017	2016
Price-earnings ratio (P/E ratio)	23.3	18.8	15.2	16.7	12.7



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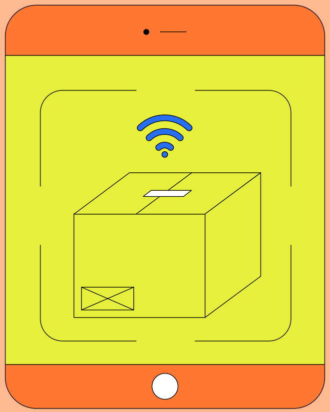

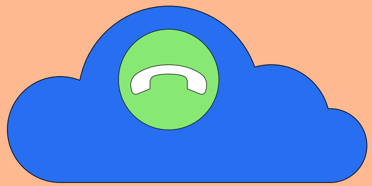

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